

Giordano International Limited
佐丹奴國際有限公司
Annual Report 2016 年報

GIORDANO 2016

(Stock Code 股份代號: 709)

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十年財務與業務摘要

TEN-YEAR FINANCIAL AND OPERATION HIGHLIGHTS

(除特別註明外，以百萬港元為單位)

(In HK\$ million unless otherwise specified)

銷售額	Sales
毛利	Gross profit
毛利率	Gross margin
經營溢利(附註5)	Operating profit (Note 5)
經營溢利率(附註5)	Operating margin (Note 5)
本公司股東應佔溢利(附註5)	Profit attributable to shareholders of the Company (Note 5)
銷售回報率(附註5)	Return on sales (Note 5)

現金及銀行結存減銀行貸款	Cash and bank balances less bank loans
營運資金(附註5)	Working capital (Note 5)
資產總額(附註5)	Total assets (Note 5)
負債總額(附註5)	Total liabilities (Note 5)

每股盈利—基本(港仙)	Earnings per share – Basic (HK cents)
每股中期股息(港仙)	Interim dividend per share (HK cents)
每股特別中期股息(港仙)	Special interim dividend per share (HK cents)
每股末期股息(港仙)	Final dividend per share (HK cents)
每股特別末期股息(港仙)	Special final dividend per share (HK cents)

平均資產總額回報率(附註5)	Return on average total assets (Note 5)
平均本公司股東應佔權益回報率(附註5)	Return on average equity attributable to shareholders of the Company (Note 5)
存貨對成本之流轉比率(日數)(附註1)	Inventory turnover on costs (days) (Note 1)
流動比率(倍數)(附註5)	Current ratio (times) (Note 5)

市場流通股份數目(千股)	Number of shares outstanding (in thousands)
市值總額	Market capitalization

門市數目(附註2)	Number of stores (Note 2)
集團附屬公司營運之直營店	Directly operated stores operated by Group's subsidiaries
集團附屬公司營運之加盟店	Franchised stores operated by Group's subsidiaries

集團附屬公司營運門市總數	Stores operated by Group's subsidiaries total
非集團附屬公司營運門市總數(附註3)	Stores operated by non-Group's subsidiaries total (Note 3)

全球門市總數	Total stores worldwide
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附註：

Notes:

- | | |
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| 1. 年結日之存貨除全年銷售成本乘以年內日數 | 1. Inventory held at year end divided by cost of sales and multiplied by number of days in the year |
| 2. 年結日數字 | 2. Figures as at year end |
| 3. 由南韓合營公司、阿拉伯聯合酋長國及沙特阿拉伯(2011年及以前年度)、科威特及卡塔爾(2015年及以前年度)及第三者特許專賣商所營運之市場門市 | 3. Stores in markets operated by a joint venture in South Korea, UAE and Saudi Arabia (prior to year 2011), Kuwait and Qatar (prior to year 2015), and third-party franchisees |

十年財務與業務摘要

TEN-YEAR FINANCIAL AND OPERATION HIGHLIGHTS

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
5,145	5,381	5,545	5,848	5,673	5,614	4,731	4,233	5,048	4,950
3,055	3,097	3,214	3,551	3,331	3,283	2,731	2,175	2,439	2,357
59.4%	57.6%	58.0%	60.7%	58.7%	58.5%	57.7%	51.4%	48.3%	47.6%
568	556	542	828	1,005	909	695	320	325	384
11.0%	10.3%	9.8%	14.2%	17.7%	16.2%	14.7%	7.6%	6.4%	7.8%
434	426	408	663	826	728	537	288	311	295
8.4%	7.9%	7.4%	11.3%	14.6%	13.0%	11.4%	6.8%	6.2%	6.0%
1,095	1,076	915	1,105	1,173	1,209	978	750	454	474
1,410	1,405	1,401	1,616	1,555	1,658	1,385	1,047	742	736
4,114	3,847	3,857	4,469	4,605	3,822	3,320	2,810	2,557	2,935
1,147	881	773	1,220	1,452	1,001	827	624	651	909
27.70	27.10	26.00	42.60	53.80	48.20	36.00	19.30	20.80	19.80
12.50	12.50	10.50	16.00	15.00	15.00	4.50	2.00	4.50	4.50
–	–	–	–	–	–	4.00	–	2.00	2.00
15.00	14.50	14.50	24.00	25.00	23.00	7.00	7.00	3.00	5.00
–	–	–	–	–	–	11.50	7.00	–	10.00
12.2%	11.5%	11.0%	16.1%	21.1%	21.8%	18.5%	11.1%	11.5%	10.3%
15.2%	14.5%	13.8%	21.8%	28.8%	28.3%	23.7%	14.5%	16.4%	15.1%
78	78	80	82	74	95	74	52	42	62
2.4	2.9	3.1	2.6	2.3	2.8	2.9	3.0	2.3	1.9
1,570,953	1,570,395	1,569,913	1,566,837	1,543,709	1,521,291	1,496,069	1,491,647	1,491,647	1,491,513
6,582	5,701	5,400	10,858	11,501	8,565	6,777	3,431	2,909	5,578
1,364	1,385	1,451	1,499	1,449	1,232	1,052	1,015	1,036	1,000
603	570	559	694	758	838	748	602	512	482
1,967	1,955	2,010	2,193	2,207	2,070	1,800	1,617	1,548	1,482
430	416	442	449	441	601	553	497	458	413
2,397	2,371	2,452	2,642	2,648	2,671	2,353	2,114	2,006	1,895

4. 2008年出售Placita:

於2008年，本集團出售其主要成衣製造附屬公司Placita Holdings Ltd (「Placita」)。本集團不包括Placita之2008業績總結如下：

(除特別註明外，以百萬港元為單位)

銷售額
毛利
毛利率
經營溢利
經營溢利率
本公司股東應佔溢利
銷售回報率

4. Disposal of Placita in 2008:

In 2008, the Group disposed of its principal garment manufacturing subsidiary Placita Holdings Ltd ("Placita"). The Group's 2008 results excluding Placita are summarized below:

(In HK\$ million unless otherwise specified)

Sales
Gross profit
Gross margin
Operating profit
Operating margin
Profit attributable to shareholders of the Company
Return on sales

2008

4,710
2,362
50.1%
330
7.0%
290
6.2%

5. 2013年以前之數字並未因採納香港會計準則19「僱員福利」而作出調整

5. The adoption impact of HKAS 19 "Employee benefits" are not reflected in the years prior 2013

公司資料

CORPORATE INFORMATION

董事會

執行董事

劉國權
(主席及行政總裁)
陳嘉緯
羅學文¹
Ishwar Bhagwandas CHUGANI²

非執行董事

鄭志剛 *JP*
陳世昌

獨立非執行董事

畢滌凡
鄭其志 *GBS JP*
Simon Devilliers RUDOLPH
黃旭教授

法律總監及公司秘書

羅學文

審核委員會

畢滌凡 (主席)
鄭其志 *GBS JP*
Simon Devilliers RUDOLPH
黃旭教授

薪酬委員會

Simon Devilliers RUDOLPH (主席)
劉國權
畢滌凡
黃旭教授

提名委員會

劉國權 (主席)
畢滌凡
Simon Devilliers RUDOLPH
黃旭教授

管理委員會

劉國權 (主席)
陳嘉緯
羅學文

授權代表

劉國權
羅學文

BOARD OF DIRECTORS

Executive Directors

LAU Kwok Kuen, Peter
(Chairman and Chief Executive)
CHAN Ka Wai
Mark Alan LOYND¹
Ishwar Bhagwandas CHUGANI²

Non-Executive Directors

CHENG Chi Kong, Adrian *JP*
CHAN Sai Cheong

Independent Non-Executive Directors

Barry John BUTTIFANT
KWONG Ki Chi *GBS JP*
Simon Devilliers RUDOLPH
Professor WONG Yuk (alias, HUANG Xu)

GENERAL COUNSEL AND COMPANY SECRETARY

Mark Alan LOYND

AUDIT COMMITTEE

Barry John BUTTIFANT (Chairman)
KWONG Ki Chi *GBS JP*
Simon Devilliers RUDOLPH
Professor WONG Yuk (alias, HUANG Xu)

REMUNERATION COMMITTEE

Simon Devilliers RUDOLPH (Chairman)
LAU Kwok Kuen, Peter
Barry John BUTTIFANT
Professor WONG Yuk (alias, HUANG Xu)

NOMINATION COMMITTEE

LAU Kwok Kuen, Peter (Chairman)
Barry John BUTTIFANT
Simon Devilliers RUDOLPH
Professor WONG Yuk (alias, HUANG Xu)

MANAGEMENT COMMITTEE

LAU Kwok Kuen, Peter (Chairman)
CHAN Ka Wai
Mark Alan LOYND

AUTHORIZED REPRESENTATIVES

LAU Kwok Kuen, Peter
Mark Alan LOYND

¹ 於2017年3月9日獲委任

² 於2017年3月9日辭任

¹ Appointed on March 9, 2017

² Resigned on March 9, 2017

核數師

羅兵咸永道會計師事務所
執業會計師

律師

香港律師
肯尼狄律師行
金杜律師事務所

中國律師
金杜律師事務所

註冊辦事處

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

香港主要營業地點

香港
九龍
長沙灣道777至779號
天安工業大廈5樓

股份過戶登記總處

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

股份過戶登記處

香港分處

卓佳雅柏勤有限公司
香港
皇后大道東183號
合和中心22樓

主要往來銀行

交通銀行股份有限公司香港分行
恒生銀行
渣打銀行(香港)有限公司
株式會社三菱東京UFJ銀行
香港上海匯豐銀行有限公司

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

LAWYERS

Hong Kong lawyers
Kennedys
King & Wood

PRC lawyers
King & Wood

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5th Floor, Tin On Industrial Building
777-779 Cheung Sha Wan Road
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd. Hong Kong Branch
Hang Seng Bank
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Hongkong and Shanghai Banking Corporation Limited

主席報告書

CHAIRMAN'S STATEMENT

致各位股東：

本人謹代表董事（「董事」）會（「董事會」）提呈佐丹奴國際有限公司（「本公司」），連同其附屬公司統稱「本集團」截至2016年12月31日止年度之年度業績。

於2016年，股東應佔本公司溢利為4.34億港元，較2015年增長2%。儘管合併銷售額下跌4%，但毛利率則由57.6%增加1.8個百分點至59.4%，使合併毛利僅錄得1%輕微下跌。此乃主要由於我們持續進行定價紀律及高毛利的地區銷售比例提升所致。此外，可比較門市銷售額亦按年持平，而可比較門市毛利則增加2%。董事會已批准每股共27.5港仙的股息，與我們向來將盈餘資金回饋予股東的政策一致。管理層對2016年營運業績及財務狀況的詳盡討論與分析載於本年報。

2015年年報中主席報告書內本人曾強調，本公司深知即將面臨艱難時期，並已準備就緒。預期於我們的主要營運地區，來年仍要面對各種挑戰及不能預計的情況。於2016年，我們堅持在供應鏈管理、品質保證及實行多項策略等方面建立核心競爭力，並已成功協助我們抗衡市道不景氣。來年我們將繼續鞏固這些戰略競爭力。

我們的整體策略仍是在穩固基礎之上，再集中多元化，而與此同時，我們將繼續提升數碼策略，並審慎地擴展版圖。

我們一直重視的數碼策略，未來將會變得日益重要。智能電話及網上零售平台迅速發展，不論是於成熟及新興市場，除了成為一種娛樂模式，亦成為了購買各種必需品的一個來源。我們將繼續著手在客戶於網上和實體店的購物體驗，改善我們現有平台，同時開拓更多網上及流動零售渠道。我們將於數碼策略分配更多資源，增強執行訂單的能力。

於中國內地及中東地區，我們會繼續採取針對特定市場的擴展策略。與此同時，我們會於南亞次大陸地區、非洲及其他新興市場採取滲入市場的策略。

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to present the annual results of Giordano International Limited (the "Company", together with its subsidiaries, the "Group") for the year ended December 31, 2016.

In 2016, the Group's profit attributable to shareholders amounted to HK\$434 million, a 2% increase over 2015. While consolidated sales decreased by 4%, consolidated gross profit recorded a minor decrease of 1%, attributable to the improvement in gross profit margin by 1.8 percentage points from 57.6% to 59.4%. This was due primarily to our ongoing pricing discipline and increased sales contribution from regions with higher margin. Comparable store sales were flat year-on-year while comparable store gross profit was up by 2%. The Board has approved a total dividend of 27.5 HK cents per share, in line with our longstanding policy of returning surplus cash to shareholders. A thorough discussion and analysis of the 2016 operating results and financial position is provided by management in this annual report.

In the Chairman's Statement of the 2015 annual report, I emphasized that the Company was both aware of and prepared for the difficult times that lay ahead. The challenging and unpredictable conditions across our key operating regions will likely persist in the coming year. In 2016 we were steadfast in building core competences, such as supply chain management, quality assurance and the execution of our strategies. These efforts have helped us successfully counteract the adverse market conditions. We will continue to adopt and refine this approach in the coming year.

While our overall strategy remains one of concentric diversification based on solid foundation, we will continue to enhance our digital strategy and cautious geographical expansion.

Our digital strategy has been and will continue to be increasingly important. With the rapid development of smart phones and online retail platforms serving as both a source for necessities as well as a form of entertainment in mature and emerging markets alike, we will continue to work on our digital and physical shopping experiences for customers, enhancing our existing platforms while at the same time exploring additional online and mobile retail channels. We will allocate more resources to our digital strategy including fulfillment capability.

In Mainland China and the Middle East, we will continue to employ market-specific expansion strategies. While at the same time adopt market-penetration strategies in the South Asian sub-continent, Africa and other emerging markets.

不變的是，我們將持續追求卓越營運。通過落實存貨管理，我們將繼續改善各大品牌一眾產品系列的認同程度及可持續性。這亦會成為我們品牌策略的基石，而穩定的基礎對優秀行銷而言屬不可或缺。我們亦會繼續為更高要求顧客推出品質及價位較高的產品系列，同時保持核心產品價格於具競爭力的水平。我們將會在各地區推出優質營銷活動，以鞏固我們在全世界的品牌地位，同時亦不斷改善我們向顧客提供的購物體驗。

人才是我們最具價值的資產，而我們會繼續投資於人才培訓。本人一直致力吸引及挽留本公司業務中的各級人才，並已強化我們的全球人力資源團隊。我們現為經改良的速成管理實習生計劃完成第二次收生，並預期於來年把計劃推展至中國內地，亦同時改良了我們內部的人才識別及晉升機制。

我們亦會盡力繼續產生穩健現金流及創造股東價值。儘管全球經濟仍有眾多不確定因素，本公司對前景仍然審慎樂觀。

因此，與股東、利益相關者及社會各界的接觸及溝通，較以往任何時候更加重要。我們將繼續恪守最高標準的透明度及社會責任。於本年報，閣下可以見到本公司首份獨立編製的環境、社會及管治報告書，內載有公司的詳細政策，以及如何處理任何營運風險及任何對環境及廣泛社會的影響。在環境方面，報告涵蓋排放及資源運用等範疇，而在社會方面則包括僱傭、健康與安全、培訓與發展、勞工標準、供應鏈管理、產品責任、反貪污及社區投資等範疇。

本人謹此感謝支持我們的股東、寶貴的業務夥伴及忠誠的員工，一同分享公司的信念，以及一直以來的支持。特別是，本人謹此感謝董事會及僱員於年內所付出的熱誠與努力。與高級管理團隊及我們全球所有僱員一起，我們將繼續致力發展本集團的業務，為股東創造價值。

劉國權
主席及行政總裁
2017年3月9日

What will not change is our ongoing pursuit of operational excellence. Through the execution of our inventory management, we will continue to improve the acceptance and consistency of our overall product range across all brands. This will also serve as the bedrock of our branding strategy – strong fundamentals will serve as a foundation for quality marketing. We will continue our initiatives to introduce lines with higher quality and price points fitting the more discerning customers while keeping our core items at competitive prices. We will roll-out quality marketing campaigns in various regions to reinforce our global brand position while at the same time continue to improve the shopping experience we offer to our customers.

People are our most valuable asset and we will continue to invest in our talent. I remain committed towards attracting and retaining talent at all levels of the Company's business and, having strengthened our global human resources team, we have now completed the second intake of our improved Fast Track Management Trainee Scheme, which we also aim to roll-out in Mainland China in the coming year, as well as refined our internal talent identification and promotion mechanism.

We will also strive to continue generating healthy cash flow and to create value for our shareholders. While there continues to be widespread uncertainty over the global economy, there remains a feeling of cautious optimism within the Company.

It is therefore more important than ever that we engage and communicate with our shareholders, stakeholders and the public at large. As such, we will continue to observe the highest standards of transparency and social responsibility. In this annual report, you will find the Company's first standalone Environmental, Social and Governance Report which details policies and how the Company deals with any operational risks and any implications for the environment and the wider society. On the environmental front, aspects covered include emissions and use of resources, while social issues comprise employment, health and safety, training and development, labour standards, supply chain management, product responsibility, anti-corruption and community investment.

I would like to take this opportunity to thank our supportive shareholders, valuable business partners and loyal staff for sharing your Company's beliefs and for your continuous support. In particular, I would like to thank both the Board and our employees for their devotion and hard work throughout the year. Together with my senior management team and all of our employees around the world, we will continue to strive to develop the Group's business and to deliver shareholder value.

LAU Kwok Kuen, Peter
Chairman and Chief Executive
March 9, 2017

管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

管理層對本集團經營業績及財務狀況之論述及分析

除非另行說明，以下論述均指截至2016年及2015年12月31日止年度之按年（「按年」）比較。

概覽

- 本集團為國際服裝零售商，擁有眾多品牌，包括專有*Giordano*及*Giordano Junior*、*Giordano Ladies*、*BSX*、其他規模較小之品牌及授權經營之非專有第三方品牌。
- 於2016年12月31日，我們於逾30個國家經營2,397間門市（相當於2,318,600平方呎零售空間），其中1,254間為獨立門市。絕大多數門市位於大中華地區、南韓、東南亞及中東。我們按地區及分銷渠道管理門市組合。我們擬擴大於東南亞之覆蓋範圍及於中國之加盟店網絡，而該等地區之零售空間於年末增加6%。
- 截至2016年12月31日止年度之合併銷售額¹為51.45億港元。毛利率為59.4%。本集團可比較門市毛利²增長2%（僅計算附屬公司），而本集團可比較門市銷售額²則持平。
- 本公司股東應佔溢利為4.34億港元。
- 現金及銀行結存淨額為10.95億港元。

MANAGEMENT DISCUSSION AND ANALYSIS OF GROUP RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following commentaries refer to year-on-year (“YOY”) comparison of the year ended December 31, 2016 and 2015 unless otherwise stated.

OVERVIEW

- The Group is an international apparel retailer with a portfolio of brands, including proprietary *Giordano* and *Giordano Junior*, *Giordano Ladies*, *BSX*, other less significant brands and non-proprietary third party brands under license.
- We operated 2,397 stores (equivalent to 2,318,600 sq. ft. of retail floor space) in over 30 countries as at December 31, 2016, of which 1,254 were standalone stores. The majority of stores were in Greater China, South Korea, South East Asia and the Middle East. We manage our store portfolio by geographic region and by distribution channel. We target to expand our footprint in South East Asia and franchise network in China, and the retail floor space from these regions increased by 6% as at year-end.
- Consolidated sales¹ for the year ended December 31, 2016 were HK\$5,145 million. Gross profit margin was 59.4%. Group comparable store gross profit² (“Group CSGP”) (measures subsidiaries only) was up by 2% despite flat Group comparable store sales² (“Group CSS”).
- Profit attributable to shareholders of the Company (“PATS”) was HK\$434 million.
- Net cash and bank balances were HK\$1,095 million.

¹ 本集團銷售額指合併銷售額，包括直營店產生之零售額及對所有加盟店之批發銷售額。

² 本集團可比較門市銷售額／可比較門市毛利指來自現有直營店、加盟店及相同期全面經營之合併附屬公司之佐丹奴品牌銷售／毛利總額，按固定匯率計算。

¹ Group sales refer to consolidated sales and include retail sales from directly operated stores and wholesale Sales to all franchisees.

² Group CSS/CSGP are total Giordano brand sales/gross profit of consolidated subsidiaries, at constant currency rates, from existing directly-operated stores and franchised stores that have been fully operating in the same prior period

管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

表1：門市組合

Table 1: Store portfolio

		門市數目 Store numbers 於12月31日 at December 31		零售空間 Retail floor space (千平方尺) (sq.ft. in thousand) 於12月31日 at December 31	
		2016	2015	2016	2015
零售及分銷	Retail and Distribution				
中國大陸	Mainland China				
直營店	Direct-operated stores	357	374	300	330
加盟店	Franchised stores	562	517	453	418
香港及澳門	Hong Kong and Macau	73	71	82	90
台灣	Taiwan	203	205	197	202
亞太其他地區	The rest of Asia Pacific	581	586	578	559
中東	The Middle East	191	202	224	248
海外加盟商	Overseas franchisees	430	416	485	456
總數	Total	2,397	2,371	2,319	2,303

管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

經營業績

表2：本集團經營業績概覽

		全年			下半年			上半年		
		Full Year			Second Half			First Half		
		2016	2015	變動	2016	2015	變動	2016	2015	變動
(以百萬港元為單位)	(In HK\$ million)									
本集團銷售額	Group sales	5,145	5,381	(4%)	2,613	2,645	(1%)	2,532	2,736	(7%)
毛利	Gross profit	3,055	3,097	(1%)	1,547	1,531	1%	1,508	1,566	(4%)
毛利率	Gross profit margin	59.4%	57.6%	1.8pp/ 百分點	59.2%	57.9%	1.3pp/ 百分點	59.6%	57.2%	2.4pp/ 百分點
經營費用	Operating expenses	(2,572)	(2,630)	(2%)	(1,288)	(1,291)	持平Flat	(1,284)	(1,339)	(4%)
經營溢利	Operating profit	568	556	2%	301	281	7%	267	275	(3%)
經營溢利率	Operating margin	11.0%	10.3%	0.7pp/ 百分點	11.5%	10.6%	0.9pp/ 百分點	10.5%	10.1%	0.4pp/ 百分點
EBITDA	EBITDA	748	743	1%	395	373	6%	353	370	(5%)
股東應佔溢利	PATS	434	426	2%	230	218	6%	204	208	(2%)
純利率	Net profit margin	8.4%	7.9%	0.5pp/ 百分點	8.8%	8.2%	0.6pp/ 百分點	8.1%	7.6%	0.5pp/ 百分點
全球品牌銷售額 ³	Global brand sales ³	6,740	6,810	(1%)	3,446	3,446	持平Flat	3,294	3,364	(2%)
全球品牌毛利 ³	Global brand gross profit ³	4,118	4,042	2%	2,125	2,049	4%	1,993	1,993	持平Flat
本集團可比較門市銷售額	Group CSS	持平Flat	4%		持平Flat	持平Flat		(1%)	9%	
本集團可比較門市毛利	Group CSGP	2%	4%		3%	1%		持平Flat	8%	
從經營業務所得之 自由現金流量	Free cash flow from operations	505	644	(22%)	246	287	(14%)	259	357	(27%)
期末現金及銀行結存淨額	Net cash and bank balances at period end	1,095	1,076	2%				1,084	1,029	5%
期末存貨	Inventories at period end	447	491	(9%)				392	453	(13%)
存貨對成本之流轉日數 (「存貨流轉日數」)(日) ⁴	Inventory turnover on cost ("ITOC") (days) ⁴	78	78	持平Flat				70	70	持平Flat

RESULTS OF OPERATIONS

Table 2: Overview of Group results of operations

³ 全球品牌銷售額／毛利乃按2016年匯率換算，其包括佐丹奴於直營店、加盟店及合營公司之門市之零售銷售額／毛利總額，因此高於本集團銷售額／毛利。

⁴ 存貨流轉日數指期末持有之存貨除以銷售成本乘以該期間日數。

³ Global brand sales/gross profit are at 2016 exchange rates, and are greater than Group sales/gross profit to include the total of Giordano retail sales/gross profit, in directly-operated stores, franchised stores and stores operated by joint ventures.

⁴ ITOC refers to inventories held at period end divided by cost of sales and multiplied by number of days in the period.

管理層之論述及分析 MANAGEMENT DISCUSSION AND ANALYSIS

表3：本集團按地區劃分之銷售額

Table 3: Group sales by region

(以百萬港元為單位)	(In HK\$ million)	2016	2015	變動 Change	變動 (按固定匯率 計算) Change (at constant exchange rates)
中國大陸	Mainland China	1,285	1,451	(11%)	(7%)
香港及澳門	Hong Kong & Macau	927	971	(5%)	(5%)
台灣	Taiwan	615	639	(4%)	(3%)
亞太其他地區	The rest of Asia Pacific	1,388	1,317	5%	6%
中東	The Middle East	626	639	(2%)	(2%)
零售及分銷	Retail and Distribution	4,841	5,017	(4%)	(2%)
對海外加盟商之批發銷售額	Wholesale sales to overseas franchisees	304	364	(16%)	(16%)
總額	Total	5,145	5,381	(4%)	(3%)

銷售額

按地區劃分之銷售額

本集團合併銷售額下降4%，但若按固定匯率換算，則僅下降3%。大中華地區之銷售額下降，大致顯示合併銷售額下降之原因。在全球經濟增長疲弱，消費者消費意欲受抑制之情況下，本集團可比較門市銷售額持平。

中國大陸經濟明顯放緩，大大促成了該地區可比較門市銷售額之2%下降。此外，由於調整門市組合而關閉表現較差門市，以及人民幣兌港元貶值，均導致該區所報告銷售額減少11%。香港團隊適應力強，繼續抵禦零售逆境，並使可比較門市銷售額保持穩定。香港銷售額下降，乃主要由於淨店舖關閉所致。台灣方面，經濟急劇放緩，消費者信心日益下滑，加上中國大陸旅客人數暴跌，均對所報告之銷售額造成不利影響。

Sales

Sales by geographic region

Consolidated group sales declined by 4%, but would have only been down by 3% if translated at constant exchange rates. Sales reduction in Greater China explained mostly to the decline in consolidated sales. Group CSS was flat amidst subdued global economic growth that stymied consumer sentiment.

The marked slowdown of the Mainland Chinese economy largely contributed towards the 2% CSS drop in this region. This, coupled with the closure of non-performing stores resulting from the rationalization of the shop portfolio, and the depreciation of the Renminbi (“RMB”) against the Hong Kong dollar (“HKD” or “HK\$”) all resulted in the reduction in reported sales there by 11%. The resilient team in Hong Kong continued to weather the adverse retail environment and stabilized CSS. The sales decline in Hong Kong was mainly due to net shop closures. In Taiwan, the acute economic slowdown, falling consumer confidence as well as plummeting Mainland Chinese tourist numbers have all adversely affected the reported sales.

管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

若按固定匯率換算，亞太其他地區錄得銷售額增加6%，乃由於地區可比較門市銷售額增長5%及門市數目淨增長所致。於回顧年度，不同地區貨幣走勢使所報告之銷售額增幅被壓至5%。泰國及印尼為2016年亞太其他地區之兩大銷售推動因素，銷售額分別飆升21%及11%。

中東方面，區域經濟不穩定不利於消費。透過基礎設施及旅遊項目刺激經濟之舉措繼續受到油價暴跌（自2009年以來首次跌至每桶50美元以下）所影響。地區可比較門市銷售額於首季度下跌15%。作為回應，我們改革產品組合，並結合促銷策略，使地區全年可比較門市銷售額跌幅縮減至3%。

按品牌劃分之銷售額

於佐丹奴核心品牌中，72%銷售額來自男裝，23%來自女裝，而5%則來自童裝。男裝品牌之可比較門市銷售額增加3%，而該品牌可比較門市毛利則進一步上升至6%。Polos繼續成為我們最強勁之產品類別。然而，女裝品牌錄得可比較門市銷售額下降3%。除透過多品牌店舖銷售外，於2016年12月31日，中國大陸及泰國有42個（2015年：46個）女裝專櫃。

我們之高檔女裝品牌*Giordano Ladies*錄得品牌可比較門市銷售額增加3%，而品牌可比較門市毛利則增長4%。尤其是，東南亞地區之可比較門市銷售額激增17%。管理層將擴大該品牌於大中華地區以外之全球覆蓋範圍。

Translated at constant exchange rates, the rest of Asia Pacific recorded an increase in sales of 6%, attributable to regional CSS growth of 5% and net store gains. Mixed currency movements in this region contained the reported sales growth to 5% in the year under review. Thailand and Indonesia were the two biggest sales drivers in the rest of Asia Pacific region in 2016, sales elevated by 21% and 11%, respectively.

In the Middle East, the unsettled regional economies have not been conducive to consumer spending. Efforts to stimulate the economies through infrastructure and tourism projects continue to be stymied by the effects of plunging oil prices, which fell to below US\$50 per barrel for the first time since 2009. Regional CSS plummeted 15% in the first quarter. We reacted by revamping the merchandise mix and promotion strategies that together helped narrow down regional CSS decline to 3% for the full year.

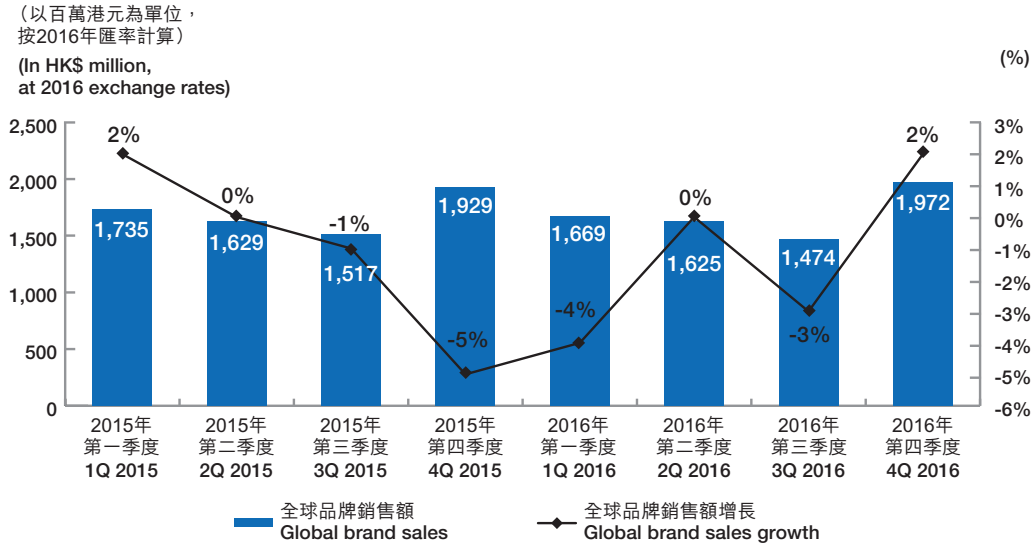
Sales by brand

With respect to the core Giordano brand, 72% of sales derived from menswear, 23% from womenswear and 5% from junior wear. Menswear brand CSS increased by 3%, and brand CSGP rose further to 6%. Polos continued to be our strongest product category. Womenswear, however, recorded a drop of 3% in brand CSS. In addition to selling through multi-brand stores, there were 42 (2015: 46) womenswear counters in Mainland China and Thailand as at December 31, 2016.

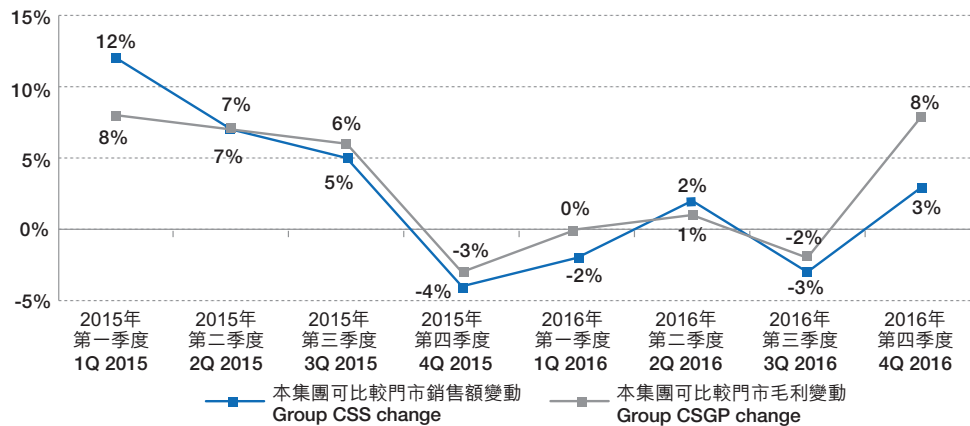
Our premium womenswear brand, *Giordano Ladies*, recorded an increase in brand CSS by 3% and brand CSGP by 4%. In particular, CSS in the South East Asia region surged by 17%. Management will expand the brand's global footprint beyond Greater China.

管理層之論述及分析 MANAGEMENT DISCUSSION AND ANALYSIS

圖表1：季度全球品牌銷售額及按年變動
Chart 1: Quarterly global brand sales and YOY change



圖表2：本集團季度可比較門市銷售額及可比較門市毛利變動
Chart 2: Quarterly Group CSS and CSGP change



管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

毛利

本集團向以人民幣計值之供應鏈採購，其市場零售收益則以當地貨幣計值。各市場當地貨幣兌人民幣升值或貶值將相應提升或降低各市場之毛利及毛利率。

由於本集團以港元報告其業績，將各市場經營業績換算為港元時，當地貨幣兌港元升值或貶值亦將相應增加或減少本集團所報告之利潤表。

即使合併銷售減少4%，合併毛利卻減少僅1%至30.55億港元（2015年：30.97億港元）。此乃由於本集團通過有紀律之採購及嚴格定價以重點保障毛利率所致。本集團毛利率上升1.8個百分點至59.4%（2015年：57.6%）。

本集團平均售價上升3%，主要由於自2015年下半年起在亞太其他地區之貨幣兌人民幣大幅貶值時，對於該地區之售價進行調整。該地區之銷售貢獻增加優化市場組合，進一步提高本集團平均售價。

本集團平均產品成本削減2%，乃由於人民幣貶值所致。儘管如此，使用優質布料及飾邊之成本增加抵銷了有關成本節約。

銷量減少5%，主要由於關閉中國大陸及香港門市所致。

Gross profit

While the Group makes its purchases from a RMB-based supply chain, its markets receive retail proceeds in local currencies. The relative strengthening or weakening of local currencies of each market against RMB will improve or reduce the gross profit and the gross profit margin in each market.

As the Group reports its results in HKD, the relative strengthening or weakening of local currencies against HKD will also increase or decrease the Group's reported income statements when translating the results of operations of each market into HKD.

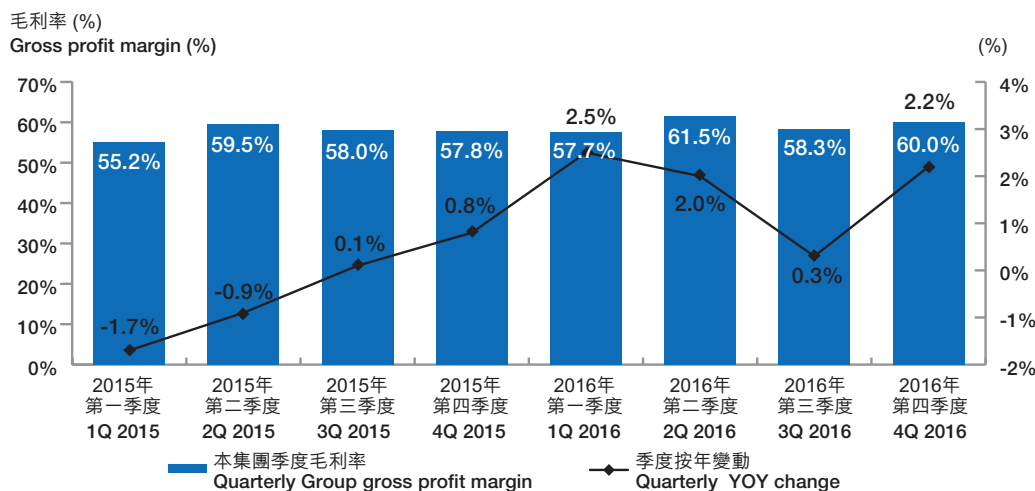
Although consolidated sales decreased by 4%, consolidated gross profit decreased by only 1% to HK\$3,055 million (2015: HK\$3,097 million). This was attributable to the Group's emphasis on defending gross margin through disciplined merchandising and stringent pricing. Group gross margin was up by 1.8 percentage points to 59.4% (2015: 57.6%).

Group average selling price rose by 3%, primarily due to the adjustment of selling prices in the rest of Asia Pacific region from the latter half of 2015 when their currencies depreciated sharply against the RMB. Better market mix from the increased sales contribution of this region further enhanced the Group average selling price.

The Group reduced average product cost by 2%, owing to the depreciation of RMB. Nevertheless, the increased costs of higher quality fabrics and trims offset a portion of these cost saving.

Sales volume was down by 5%, mainly due to shop closures in Mainland China and Hong Kong.

圖表3：本集團季度毛利率及按年變動
Chart 3: Quarterly Group gross profit margin and YOY change



管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

表4：按地區劃分之毛利差異分析

Table 4: Gross profit variance analysis by region

		2015年毛利	平均產品成本	平均售價		匯率影響	其他	2016年毛利
(以百萬港元為單位) (In HK\$ million)		2015 gross profit	Average product cost	Average selling price	銷量 Volume	Exchange impact	Miscellaneous	2016 gross profit
中國大陸	Mainland China	776	(5)	37	(71)	(38)	(1)	698
香港及澳門	Hong Kong & Macau	646	(2)	29	(49)	16	-	640
台灣	Taiwan	374	14	(19)	2	(8)	(1)	362
亞太其他地區	The rest of Asia Pacific	773	(28)	100	(10)	(6)	-	829
中東	The Middle East	414	16	(14)	(2)	-	(1)	413
批發及集團公司間	Wholesales & Intercompany	114	(22)	(28)	(6)	55	-	113
市場組合	Market mix	-	(8)	38	(30)	-	-	-
集團	Group	3,097	(35)	143	(166)	19	(3)	3,055

其他收入及其他收益，淨額

其他收入及其他收益主要包括特許權收入、租金收入、出售物業、機器及設備之收益以及利息收入。其他收入及其他收益減少4%或400萬港元，乃由於回顧年度內出售之員工宿舍單位減少所致。

經營費用

本集團對其支出保持警惕。經營費用減少5,800萬港元或2%。經營費用率由48.9%上升1.1個百分點至50.0%，大致上由於合併銷售額減少所致。毛利率提高1.8個百分點，而經營費用對毛利之比率下降0.7個百分點至84.2%，造成經營溢利率按年增長0.7個百分點至11.0%。

關閉表現較差門市（尤其在中國大陸）及減租措施大致上被於東南亞地區擴張零售空間3%所抵銷，使租金成本減少3%。員工成本對銷售額之百分比為17.5%（2015年：16.5%），乃由於若干市場薪金上調及法定員工福利增加所致。隨著本年度之全球宣傳活動減少，宣傳及營銷費用減少5%。本集團將於2017年適當時機繼續推行有效的營銷計劃。店舖間接成本（包括店舖折舊、水電費、信用卡開支及其他雜項開支）亦下降7%。

Other income and other gains, net

Other income and other gains mainly consisted of royalty income, rental income, gain from disposal of property, plant and equipment as well as interest income. Other income and other gains dropped by 4% or HK\$4 million due to fewer units of staff quarters sold in the year under review.

Operating expenses

The Group remains vigilant in its spending. There was a reduction in operating expenses by HK\$58 million or 2%. Operating expense ratio increased by 1.1 percentage points from 48.9% to 50.0%, largely due to lower consolidated sales. With the uplift in gross profit margin of 1.8 percentage points, operating expenses to gross profit decreased by 0.7 percentage points to 84.2%, enhancing our operating margin by 0.7 percentage points to 11.0% YOY.

Rental expense decreased by 3% due to the closure of non-performing stores, particularly in Mainland China, and rental reduction initiatives, although this was largely offset by expansion of retail space by 3% in the South East Asia region. Staff expense to sales was 17.5% (2015: 16.5%), attributable to salary increments and the increase in statutory staff benefits in certain markets. Advertising and marketing expenses declined by 5% with fewer global advertising campaigns this year. The Group will continue to execute impactful marketing programs in 2017 where appropriate. Shop overhead expenses, comprising shop depreciation, utilities, credit card charges and other miscellaneous expenses, also declined by 7%.

管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

經營溢利

本集團之經營溢利於財政年度下半年改善，按年上升7%，而於上半年則為下降3%。

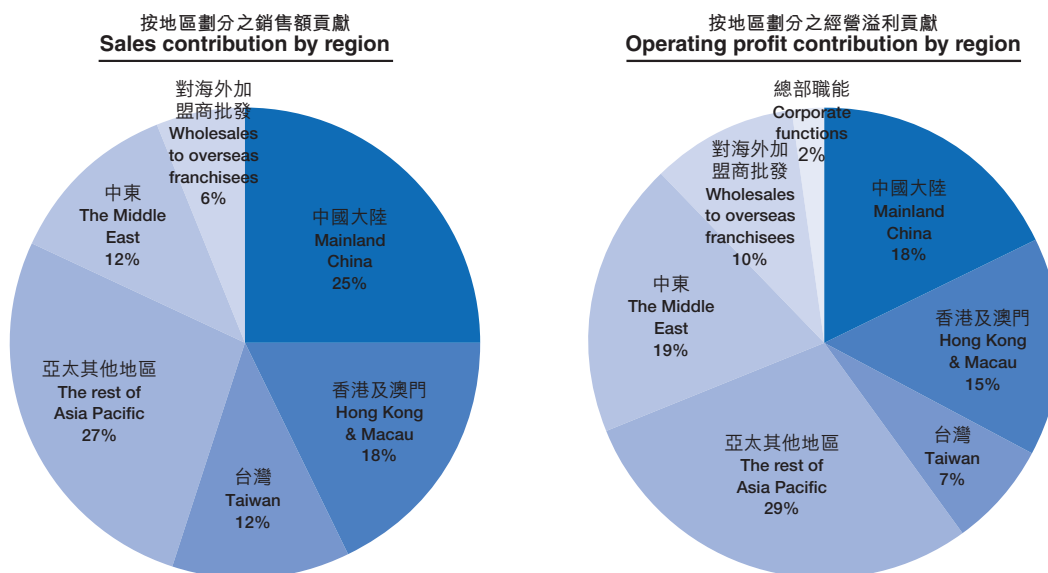
中東在本集團銷售額方面錄得最高回報，經營溢利率為17.3%（2015年：17.5%），乃由於強大品牌價值所致。即使首季開始時可比較門市銷售額下跌15%，卻於其後數個季度有所回升。大中華地區佔本集團合併銷售額之55%，惟由於其經營溢利率跟其他市場比較相對偏低，其經營溢利僅佔本集團之經營溢利40%。本年度在調整門市組合及提高毛利率之情況下，我們於大中華地區之經營溢利率提升1.3個百分點至8.1%。管理層預期大中華地區之經營溢利率將會持續改善。

Operating profit

The Group's operating profit was better in the second half of the financial year, increased by 7% YOY as compared to 3% decline in the first half.

The Middle East recorded the highest return on sales in the Group with an operating margin of 17.3% (2015: 17.5%), owing largely to its strong brand equity. Although there was an initial blip in the first quarter when CSS plummeted by 15%, and it rebounded in ensuing quarters. Greater China made up 55% of the Group's consolidated sales, but due to its relatively low operating margin among the markets, it only contributed 40% of the Group's operating profit. Upon rationalization of store portfolio and gross profit margin uplift, we managed to increase Greater China's operating margin by 1.3 percentage points to 8.1% in the year under review. Management expects the operating margin in Greater China will continue to improve.

圖表4：按地區劃分之銷售額及經營溢利貢獻
Chart 4: Sales and operating profit contribution by region



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MANAGEMENT DISCUSSION AND ANALYSIS

稅項

稅項為1.22億港元（2015年：1.18億港元），實際稅率為20.0%（2015年：19.7%）。

本公司股東應佔溢利

本公司股東應佔溢利上升2%至4.34億港元（2015年：4.26億港元）。純利率因毛利率的加強而從7.9%增長0.5個百分點至8.4%，彌補了不斷上漲之經營成本，尤其是員工成本及法定員工福利。按照固定匯率，股東應佔溢利為4.43億港元，按年增加4%。台灣及中東的困難而對溢利造成的壓力，已完全被其他市場之增長所抵銷。

表5：股東應佔溢利變動分析

（以百萬港元為單位）

已報告2015年股東應佔溢利	Reported 2015 PATS	426
從中國大陸產生之溢利增加	Increase in profit from Mainland China	17
從香港及澳門產生之溢利增加	Increase in profit from Hong Kong and Macau	17
從台灣產生之溢利減少	Decrease in profit from Taiwan	(9)
從亞太其他地區產生之溢利增加	Increase in profit from the rest of Asia Pacific	14
從中東產生之溢利減少	Decrease in profit from the Middle East	(4)
應佔南韓溢利增加	Increase in share of profit of South Korea	3
批發產生之溢利增加	Increase in profit from wholesales	2
稅項、非控制性權益及總部職能	Taxation, non-controlling interests and corporate functions	(23)
2016年未計貨幣換算差額之股東應佔溢利	2016 PATS without currency translation difference	443
貨幣換算差額	Currency translation difference	(9)
已報告2016年股東應佔溢利	Reported 2016 PATS	434

Taxation

Taxation amounted to HK\$122 million (2015: HK\$118 million), representing an effective tax rate of 20.0% (2015: 19.7%).

Profit attributable to shareholders of the Company

Profit attributable to shareholders of the Company ("PATS") was up by 2% to HK\$434 million (2015: HK\$426 million). Net profit margin increased by 0.5 percentage points from 7.9% to 8.4%, attributable to strengthened gross profit margin, which compensated for the rising operating costs, in particular, staff costs and statutory staff benefits. At constant exchange rates, PATS would have been HK\$443 million, an increase of 4% YOY. The difficulties in Taiwan and the Middle East markets weighing on the profits there were entirely offset by the growth in other markets.

Table 5: Analysis of change in PATS

(In HK\$ million)

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以下管理層作出之具體市場意見以當地貨幣為單位，倘若是以港元為單位，則根據固定匯率，以撇除將經營業績及財務狀況由當地貨幣換算為港元所產生之扭曲。有關數字尚未撇除以當地貨幣進口產品成本之影響。

The following market-specific comments by management are in local currencies or, if in HKD, are at constant exchange rates to remove distortions from the translation of results of operations and financial conditions from local currencies to HKD. The figures have not removed the impact on imported product cost contracted at non-local currencies.

中國大陸

表6：中國大陸概覽

Mainland China

Table 6: Overview of Mainland China

		全年 Full Year			下半年 Second Half			上半年 First Half		
		2016	2015	變動 Change	2016	2015	變動 Change	2016	2015	變動 Change
<i>(以人民幣百萬元為單位) (In RMB million)</i>										
總銷售額	Total sales	1,103	1,182	(7%)	564	570	(1%)	539	612	(12%)
直營店	DOS	785	865	(9%)	396	413	(4%)	389	452	(14%)
向加盟店之批發	Wholesale to franchisees	318	317	持平Flat	168	157	7%	150	160	(6%)
品牌銷售總額	Total brand sales	1,310	1,415	(7%)	643	667	(4%)	667	748	(11%)
直營店	DOS	785	865	(9%)	396	413	(4%)	389	452	(14%)
加盟店	Franchised stores	525	550	(5%)	247	254	(3%)	278	296	(6%)
可比較門市銷售額	CSS	(2%)	6%		(1%)	持平Flat		(3%)	12%	
毛利	Gross profit	599	632	(5%)	305	310	(2%)	294	322	(9%)
毛利率	Gross profit margin	54.3%	53.5%	0.8pp/ 百分點	54.1%	54.4%	(0.3pp/ 百分點)	54.5%	52.6%	1.9pp/ 百分點
可比較門市毛利	CSGP	持平Flat	7%		1%	3%		(1%)	10%	
經營費用	Operating expenses	(526)	(581)	(9%)	(262)	(278)	(6%)	(264)	(303)	(13%)
經營溢利	Operating profit	87	73	19%	47	40	18%	40	33	21%
經營溢利率	Operating margin	7.9%	6.2%	1.7pp/ 百分點	8.3%	7.0%	1.3pp/ 百分點	7.4%	5.4%	2.0pp/ 百分點
期末門市數目	Number of stores at period end	919	891	28				896	928	(32)
直營店	DOS	357	374	(17)				360	435	(75)
加盟店	Franchised stores	562	517	45				536	493	43

管理層之論述及分析 MANAGEMENT DISCUSSION AND ANALYSIS

自2015年下半年開始，我們通過關閉表現較差門市，改進門市組合。此舉影響了總銷售額之比較，儘管總銷售額於2016年上半年出現雙位數下降，可比較門市銷售額僅下降3%。於下半年，總銷售額變得更具可比性；加上我們加盟店網絡之擴張，該地區之總銷售額按年略降1%。

在中國經濟持續冷卻之情況下，我們仍能持平可比較門市毛利。毛利率上升0.8個百分點至54.3%，乃主要由於平均售價增加3%所致。我們通過提供更高質量的產品來提升售價和利潤以改善產品組合。在靈活供應鏈之支持下，我們能夠「少買」及減少存貨，從而減低了季末之降價壓力。

按當地貨幣計算，經營溢利增加19%，而經營溢利率則提升1.7個百分點。此乃透過毛利率提升及我們加盟店業務之渠道組合優化所實現，產生了更高回報。

推動該地區之溢利因素包括擴展我們在三四線城市之加盟店網絡及電子商務。電子商務銷售額增加13%，而對地區銷售額之品牌銷售貢獻亦增加至15%（2015年：13%）。在鞏固我們的網上平台後，我們在第三方平台的銷售額均激增20%以上。管理層將繼續投放資源，以支持電子商務增長。年內，我們將搬遷及整合中國大陸配送中心及電子商務倉庫於同一處所，以提高營運效率及存貨控制。

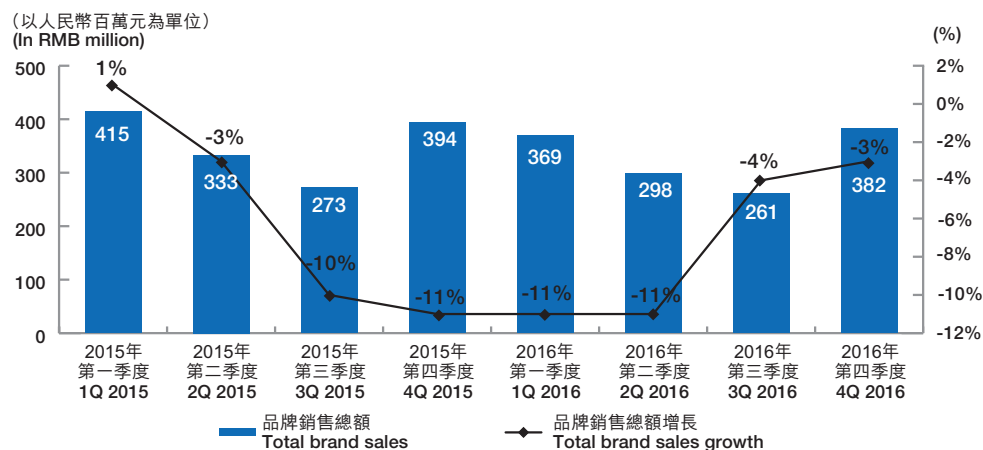
Commencing in the second half of 2015, we revamped our store portfolio by exiting non-performing stores. This affected total sales comparison such that total sales were down double-digit in the first half of 2016 despite comparable store sales having only declined by 3%. In the second half of the year, total sales became more comparable; coupled with the expansion of our franchise network, the region's total sales modestly decreased by 1% YOY.

Amid the steady cooling of the Chinese economy, we managed to report flat CSGP. Gross profit margin was up by 0.8 percentage points to 54.3%, primarily due to the increase in average selling price of 3%. We refined the product mix by offering higher quality products that yielded higher selling prices and better margins. With the support of a flexible supply chain, we were able to “under-buy” and stock less, reducing the pressure to markdown at season-end.

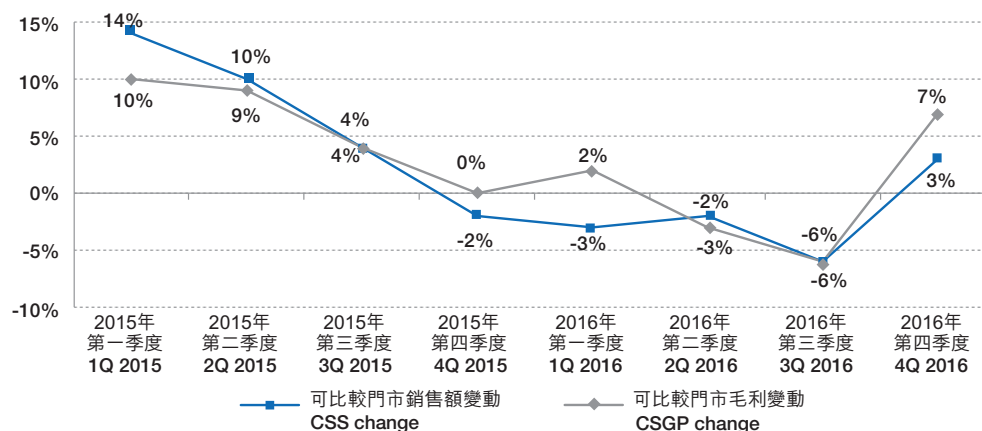
Operating profit rose by 19% in local currency terms, and operating margin improved by 1.7 percentage points. This was achieved through gross profit margin improvement and better channel mix from our franchise business, which yielded higher returns.

Profit drivers from this region include the expansion of our franchise network in third and fourth-tier cities and e-business. Sales from e-business rose by 13% with its sales contribution to regional brand sales increasing to 15% (2015: 13%). Our sales in third-party platforms both surged by more than 20% after consolidation of our online platforms. Management will continue to invest resources to support e-business growth. This year we will move and merge our Mainland China distribution center and e-business warehouse under one roof to enhance operating efficiencies and inventory control.

圖表5：中國大陸季度品牌銷售額及按年變動
Chart 5: Mainland China quarterly brand sales and YOY change



圖表6：中國大陸季度可比較門市銷售額及可比較門市毛利變動
Chart 6: Mainland China quarterly CSS and CSGP change



香港及澳門

表7：香港及澳門概覽

Hong Kong and Macau

Table 7: Overview of Hong Kong and Macau

		全年 Full Year			下半年 Second Half			上半年 First Half		
(以百萬港元為單位) (In HK\$ million)		2016	2015	變動 Change	2016	2015	變動 Change	2016	2015	變動 Change
總銷售額	Total sales	927	971	(5%)	470	492	(4%)	457	479	(5%)
可比較門市銷售額	CSS	持平Flat	7%		2%	4%		1%	8%	
毛利	Gross profit	640	646	(1%)	327	325	1%	313	321	(3%)
毛利率	Gross profit margin	69.0%	66.5%	2.5pp/ 百分點	69.6%	66.1%	3.5pp/ 百分點	68.5%	67.0%	1.5pp/ 百分點
可比較門市毛利	CSGP	3%	6%		7%	4%		2%	8%	
經營費用	Operating expenses	(562)	(579)	(3%)	(285)	(288)	(1%)	(277)	(291)	(5%)
經營溢利	Operating profit	87	70	24%	49	38	29%	38	32	19%
經營溢利率	Operating margin	9.4%	7.2%	2.2pp/ 百分點	10.4%	7.7%	2.7pp/ 百分點	8.3%	6.7%	1.6pp/ 百分點
期末門市數目	Number of stores at period end	73	71	2				70	74	(4)

管理層之論述及分析

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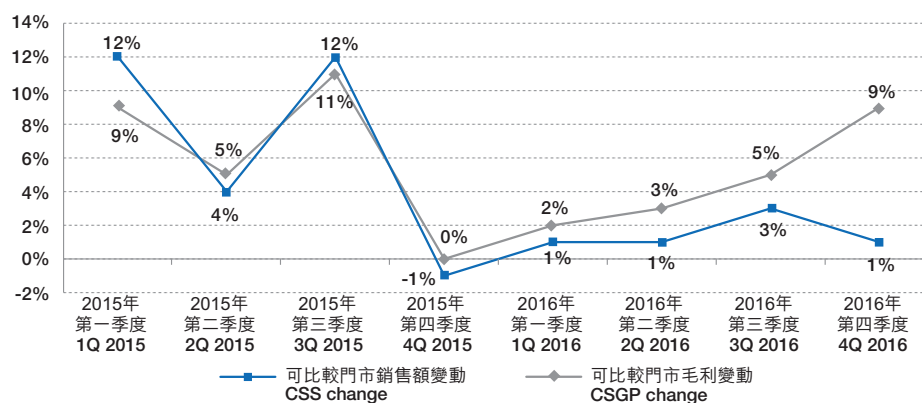
儘管可比較門市銷售額持平，銷售額卻下降5%，乃主要由於2015年關閉門市所致。香港零售業營商環境艱難，惟我們營運團隊適應力強，可比較門市毛利得以按季增加。在平均售價提高3%所帶動下，毛利率提升2.5個百分點至69.0%。此乃由於高利潤商品之產品組合優化及營銷活動取得成功造成客流量增加所致。

租金成本對銷售額比率下跌一個百分點，乃主要由於撤離高租金地段及成功降低租金所致。街舖租金很可能會下降，同時購物商場租金目前繼續上漲。管理層繼續評估黃金地段之經濟效益並計劃於租金回落至合理水平時開設新門市。我們加強在市場上之薪金競爭力，員工成本對銷售額比率因而增加2.0個百分點。在該財政年度下半年出現強勁毛利率增長及嚴格控制其他經營費用之支持下，我們經營溢利增長得以擴大，並錄得下半年29%或全年24%之龐大升幅。

Sales recorded a decrease of 5% despite CSS being flat, due mainly to closure of stores that took place in 2015. Trading conditions in Hong Kong's retail industry were challenging, but our resilient operations team managed to increase CSGP quarter-to-quarter. Gross profit margin enhanced by 2.5 percentage points to 69.0%, driven by the increase in average selling price by 3%. This was the result of better product mix from higher margin products and successful marketing campaigns, which increased store footfall.

Rental expense to sales ratio receded by one percentage point, mainly due to the exit from high-rent locations coupled with successful rental reductions. While the rents for street stores may well be declining, shopping mall rents are continuing to rise. Management continues to evaluate the economics of prime locations and plans to open new stores when occupancy costs return to reasonable levels. Staff costs to sales ratio increased by 2.0 percentage points as we enhanced our salary competitiveness in the market. Supported by strong gross margin growth in the second half of the financial year and strict control of other operating expenses, we widened the operating profit growth and reported a hike of 29% in the second half or 24% for the full year.

圖表7：香港及澳門季度可比較門市銷售額及可比較門市毛利變動
Chart 7: Hong Kong and Macau quarterly CSS and CSGP change



管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

台灣

表8：台灣概覽

Taiwan

Table 8: Overview of Taiwan

(以百萬新台幣為單位)	(In NTD million)	全年			下半年			上半年		
		2016	2015	變動	2016	2015	變動	2016	2015	變動
		Full Year		Change	Second Half		Change	First Half		Change
總銷售額	Total sales	2,571	2,637	(3%)	1,200	1,267	(5%)	1,371	1,370	持平Flat
可比較門市銷售額	CSS	(3%)	1%		(4%)	(8%)		(4%)	12%	
毛利	Gross profit	1,514	1,543	(2%)	728	742	(2%)	786	801	(2%)
毛利率	Gross profit margin	58.9%	58.5%	0.4pp/ 百分點	60.7%	58.6%	2.1pp/ 百分點	57.3%	58.5%	(1.2pp/ 百分點)
可比較門市毛利	CSGP	(3%)	持平Flat		(1%)	(9%)		(5%)	11%	
經營費用	Operating expenses	(1,354)	(1,355)	持平Flat	(658)	(673)	(2%)	(696)	(682)	2%
經營溢利	Operating profit	162	201	(19%)	67	76	(12%)	95	125	(24%)
經營溢利率	Operating margin	6.3%	7.6%	(1.3pp/ 百分點)	5.6%	6.0%	(0.4pp/ 百分點)	6.9%	9.1%	(2.2pp/ 百分點)
期末門市數目	Number of stores at period end	203	205	(2)				211	201	10

台灣經濟停滯不前，抑制消費者信心，繼續對我們在該區之業務帶來巨大挑戰。國立中央大學近期所出版之刊物指出，於2016年12月，消費者信心指數已下降至其自2013年10月以來之最低水平。儘管於該財政年度下半年成功將可比較門市毛利之跌幅收窄至1%，全年可比較門市毛利仍下降3%。我們通過重組產品組合以提供更具價格競爭力之商品，應對疲弱市場。此亦有助抑制下半年經營溢利之降幅。

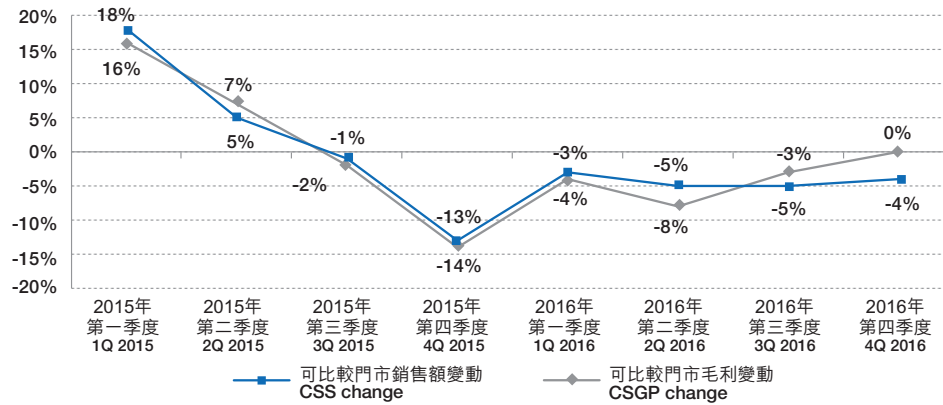
全年經營溢利收縮19%，經營溢利率亦由7.6%下降至6.3%。我們於該財政年度上半年淨開設了十間門市，卻未能達致預期銷售額，並對經營溢利率有負面影響。管理層將仔細評估台灣擴張計劃及表現較差之門市，尤其是在眼前缺乏任何復甦跡象之情況下。

The stagnant economy in Taiwan has dampened consumer confidence and continued to pose a great challenge to our business there. A recent publication by the National Central University notes that the consumer confidence index in December 2016 had fallen to its lowest since October 2013. Full-year CSGP dropped by 3% despite successfully narrowing the CSGP drop to 1% in the second half of the financial year. We responded to the market weakness by reshaping the product mix to offer more price-competitive products. This also helped restrict the decrease in operating profit in the second half of the year.

Full year operating profit shrank by 19% with operating margin down from 7.6% to 6.3%. We opened net ten stores in the first half of the financial year, but they failed to deliver expected sales and adversely affected the operating margin. Management will carefully evaluate Taiwan's expansion plans and non-performing stores, especially in the absence of any imminent signs of growth.

管理層之論述及分析 MANAGEMENT DISCUSSION AND ANALYSIS

圖表8：台灣季度可比較門市銷售額及可比較門市毛利變動
Chart 8: Taiwan quarterly CSS and CSGP change



亞太其他地區

The rest of Asia Pacific

表9：亞太其他地區概覽

Table 9: Overview of the rest of Asia Pacific region

(以百萬港元為單位，按固定匯率換算)	(In HK\$ million, translated at constant exchange rates)	全年 Full Year			下半年 Second Half			上半年 First Half		
		2016	2015	變動 Change	2016	2015	變動 Change	2016	2015	變動 Change
總銷售額	Total sales	1,400	1,317	6%	713	679	5%	687	638	8%
可比較門市銷售額	CSS	5%	5%		4%	3%		5%	9%	
毛利	Gross profit	837	773	8%	432	391	10%	405	382	6%
毛利率	Gross profit margin	59.8%	58.7%	1.1pp/ 百分點	60.6%	57.6%	3.0pp/ 百分點	59.0%	59.9%	(0.9pp/ 百分點)
可比較門市毛利	CSGP	6%	4%		7%	2%		4%	7%	
經營費用	Operating expenses	(677)	(622)	9%	(335)	(309)	8%	(342)	(313)	9%
經營溢利	Operating profit	166	151	10%	97	83	17%	69	68	1%
經營溢利率	Operating margin	11.9%	11.5%	0.4pp/ 百分點	13.6%	12.2%	1.4pp/ 百分點	10.0%	10.7%	(0.7pp/ 百分點)
期末門市數目	Number of stores at period end	581	586	(5)				582	559	23

管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

表10：亞太其他地區市場門市數目

Table 10: Store numbers in the rest of Asia Pacific region markets

		於 At	
		2016年 12月31日 December 31 2016	2015年 12月31日 December 31 2015
印尼	Indonesia	237	224
泰國	Thailand	159	153
馬來西亞	Malaysia	90	90
新加坡	Singapore	45	47
印度	India	29	49
澳洲	Australia	20	22
柬埔寨	Cambodia	1	1
門市總數	Total number of stores	581	586
總零售空間(平方呎)	Total retail floor space (sq. ft.)	577,700	558,800

人民幣貶值，尤其是在本財政年度下半年，有利於該地區之進口成本，因為大部分生產訂單均以人民幣結算。毛利率上升1.1個百分點，主要由於本財政年度下半年之毛利率增長3.0個百分點所致。

The depreciation of the RMB, especially in the second half of the financial year, benefited the import costs from this region as most production orders were settled in RMB. The gross profit margin enhanced by 1.1 percentage points, predominately from the 3.0 percentage points increase in gross profit margin from the second half of the financial year.

該地區貨幣兌本集團報告貨幣(港元)逐步升值。於回顧年度內，將經營業績由當地貨幣換算為港元，溢利減少100萬港元(2015年：1,800萬港元)。將該等市場之經營業績換算為港元時，仍對其報告業績造成負面影響，但相對去年影響較小。

Currencies in this region have been gradually appreciating to the Group reporting currency, HKD. Profitability declined by HK\$1 million (2015: HK\$18 million) in the year under review due to the translation of operating results in local currencies to HKD. There was still negative impact to reported results when translating the operating results from these markets into HKD, but the impact was smaller compared to last year.

對該地區主要市場之論述如下：

Commentaries on key markets in this region are as follows:

由於新加坡去年慶祝立國五十週年，吸引了異常高之客流量，導致第三季度基數較高，全年可比較門市銷售額最終僅下降1%。我們已削減存貨水平，故清理存貨之壓力較小。因此，毛利率上升1.1個百分點，乃因平均售價上漲3%所致。

Against a high third quarter base when Singapore celebrated its Golden Jubilee last year that attracted unusually high store footfall, full year CSS eventually dropped by only 1%. As we trimmed down the stock level, we had less stock clearance pressure. Therefore, gross profit margin increased by 1.1 percentage points, attributable to a 3% increase in average selling price.

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馬來西亞政府於2015年4月推出商品及服務稅，在政策實施前刺激了異常高之消費，因此產生了相當高之比較基準。可比較門市銷售額下降3%，但可比較門市毛利上升2%，主要是由於平均售價上漲14%，帶動毛利率上升3.8個百分點所致。其主要原因為成功降低存貨水平令降價壓力得以緩解，以及調整售價以彌補在2015年馬來西亞幣兌人民幣大幅貶值後，以人民幣計價之進口成本所帶來之不利影響。由於實現高毛利率增長，按當前匯率計經營溢利按年增長5%，或以當地貨幣計增長11%。

印尼是我們在東南亞地區最大之市場，於年末有237家門市，銷售額佔亞太其他地區零售銷售額之35%（2015年：34%）。在印尼，我們經營佐丹奴品牌及特許品牌直營店，且該兩個品牌於回顧年度之表現各異。佐丹奴品牌之可比較門市銷售額增長5%，而特許品牌之可比較門市銷售額則下跌27%。受回顧年度國內生產總值增長5%及商品種類改善之支持，佐丹奴品牌之可比較門市銷售額亦增長5%。另一方面，特許品牌銷售額下降，乃主要由於特許方上調零售價格及商品延遲交付所致。特許方已於本財政年度中期修訂其定價指引。我們確已看到可比較門市銷售額逐步改善，但仍未見顯著回升。於過去12個月內淨增13家門市，報告銷售額增長11%。然而，經營費用，尤其是租金成本及法定員工福利急速增長，將經營溢利率拉低2.3個百分點，進而導致經營溢利下降3%。當地管理團隊已建立所有市場中最強大之佐丹奴品牌形象之一，為企業保持增長趨勢奠定了穩固基礎。

泰國於回顧年度之表現相當強勁，可比較門市銷售額及可比較門市毛利分別激增20%及21%。按固定匯率換算之經營溢利亦激增64%，乃受銷售額增加及經營費用得以控制所推動。

澳洲的可比較門市銷售額在本財政年度上半年出現雙位數下降。為應對此情況，我們已重組澳洲銷售團隊，並成功將可比較門市銷售額跌幅縮減至全年之8%。然而，經營虧損按年比較仍有擴大。管理層會繼續評估該市場是否符合本集團之現行策略。

The Malaysian government introduced Goods and Services Tax in April 2015. This encouraged unusually high consumption prior to the implementation, creating a rather high comparable base. CS GP was up by 2% although CSS was down by 3%, primarily due to the increase in gross profit margin by 3.8 percentage points, driven by the increase in average selling price by 14%. This was largely due to the alleviation of markdown pressure after successfully reducing stock levels, as well as the adjustment of selling prices to compensate for the unfavorable impact of import costs denominated in RMB when the Malaysia Ringgit depreciated quite heavily against RMB in 2015. Owing to the achievement of high gross profit margin growth, operating profit increased by 5% YOY in current exchange rates, or 11% in local currency terms.

With 237 shops as at year-end, Indonesia is our largest market in South East Asia. Its sales accounted for 35% (2015: 34%) of our retail sales value in the rest of Asia Pacific region. In Indonesia, we run both Giordano brand and licensed brand DOS and in the year under review, and their performance varied. Giordano brand CSS expanded by 5% whereas licensed brand CSS slipped by 27%. Supported by GDP growth of 5% in the year under review and better merchandise assortment, Giordano brand CSS increased by the same extent. On the other hand, licensed brands' sales decline was primarily due to upward adjustments of licensor-directed retail prices and delayed shipments of merchandise. The licensor has since revised its pricing guideline in the middle of the financial year. We did see a gradual improvement in the CSS, although we have yet to see a noticeable rebound. With the net addition of 13 stores in the past 12 months, reported sales increased by 11%. However, escalated operating expenses, particularly rental expenses and statutory staff benefits, brought down operating margin by 2.3 percentage points, resulting in a 3% decline in operating profit. The local management team has built one of the strongest Giordano brand images among all markets, providing a solid foundation to keep the business on a growth trajectory.

Thailand reported an overwhelmingly strong performance in the year under review, with CSS and CS GP surging by 20% and 21%, respectively. Operating profit translated at constant exchange rate also surged by 64%, leveraged by increased sales and controlled operating expenses.

CSS in Australia saw a double-digit dip in the first half of the financial year. We responded by restructuring the sales force there and managed to narrow down CSS decline to 8% for the full year. Nevertheless, operating loss still widened YOY. Management continues to assess if this market fits in the Group's ongoing strategy.

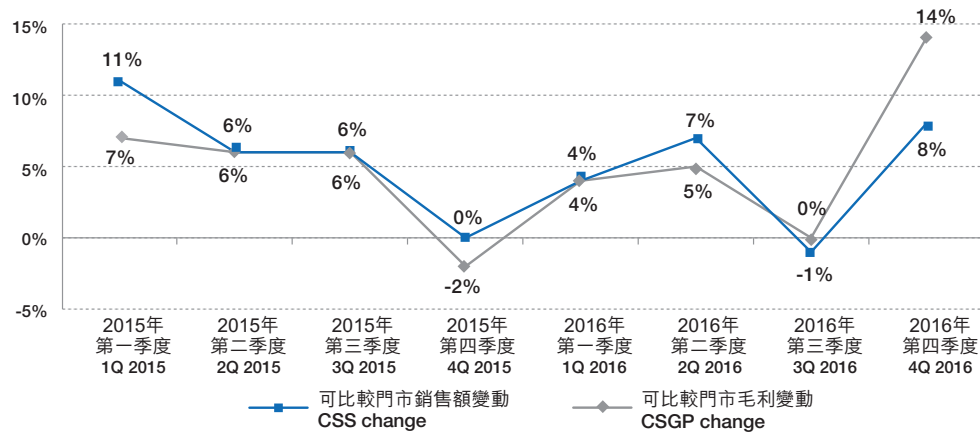
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表11：亞太其他地區按市場劃分之銷售額 Table 11: Sales by markets in rest of Asia Pacific region

		按固定匯率計算之銷售額 Sales at constant exchange rate			可比較門市銷售額 CSS		可比較門市毛利 CSGP	
(以百萬港元為單位) (In HK\$ million)		2016	2015	變動 Change	2016	2015	2016	2015
新加坡	Singapore	309	317	(3%)	(1%)	10%	(1%)	9%
印尼	Indonesia	486	444	9%	5%	1%	4%	(2%)
馬來西亞	Malaysia	183	184	(1%)	(3%)	(7%)	2%	(8%)
泰國	Thailand	327	262	25%	20%	15%	21%	15%
澳洲	Australia	78	84	(7%)	(8%)	8%	(9%)	6%
印度	India	10	21	(52%)	(39%)	(15%)	(39%)	(18%)
柬埔寨	Cambodia	7	5	40%	42%	不適用N/A	41%	不適用N/A
總計	Total	1,400	1,317	6%	5%	5%	6%	4%

圖表9：亞太其他地區季度可比較門市銷售額及可比較門市毛利變動
Chart 9: The rest of Asia Pacific quarterly CSS and CSGP change



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中東

表12：中東概覽

The Middle East

Table 12: Overview of the Middle East

		全年			下半年			上半年		
		2016	2015	變動	2016	2015	變動	2016	2015	變動
(以百萬港元為單位，按固定匯率換算)	(In HK\$ million, translated at constant exchange rates)									
總銷售額	Total sales	625	639	(2%)	310	319	(3%)	315	320	(2%)
可比較門市銷售額	CSS	(3%)	(3%)		(3%)	(5%)		(4%)	1%	
毛利	Gross profit	413	414	持平Flat	200	209	(4%)	213	205	4%
毛利率	Gross profit margin	66.1%	64.8%	1.3pp/百分點	64.5%	65.5%	(1.0pp/百分點)	67.6%	64.1%	3.5pp/百分點
可比較門市毛利	CSGP	(1%)	1%		(3%)	持平Flat		(1%)	2%	
經營費用	Operating expenses	(306)	(302)	1%	(152)	(157)	(3%)	(154)	(145)	6%
經營溢利	Operating profit	108	112	(4%)	48	52	(8%)	60	60	持平Flat
經營溢利率	Operating margin	17.3%	17.5%	(0.2pp/百分點)	15.5%	16.3%	(0.8pp/百分點)	19.0%	18.8%	0.2pp/百分點
期末門市數目	Number of stores at period end	191	202	(11)				196	202	(6)

中東方面，區域經濟不穩定不利於消費。透過基礎設施及旅遊項目刺激經濟之舉措繼續受到油價暴跌（自2009年以來首次跌至每桶50美元以下）及政府緊縮措施所影響。地區可比較門市銷售額於首季度下跌15%。作為回應，我們改革產品組合，並結合促銷策略，使地區全年可比較門市銷售額跌幅縮減至3%。我們加盟商之批發市場銷售額下降14%，乃主要由於淨關閉門市所致。該等結果乃由於當地貨幣兌美元貶值導致消費者需求疲弱所引起。去年4月，本集團完成收購科威特及卡塔爾業務，並已合併自完成日期以來該等業務之銷售額。剔除合併該等業務之影響，銷售額減少4%。

In the Middle East, unsettled regional economies have not been conducive to consumer spending. Efforts to stimulate the economies through infrastructure and tourism projects continue to be stymied by the effects of plunging oil prices, which fell to below US\$50 per barrel for the first time since 2009, and government austerity measures. Regional CSS plummeted 15% in the first quarter. We reacted by revamping the merchandise assortment and promotion strategies that together helped narrow down regional CSS decline to 3% for the full year. Sales in our wholesale markets through franchisees decreased by 14%, primarily due to net closure of stores. This was the result of weakened consumer demand from depreciated local currencies against a strong United States dollar. In April last year, the Group completed the acquisition of Kuwait and Qatar operations, and has consolidated sales from these operations since the completion date. Without consolidation, sales would have decreased by 4%.

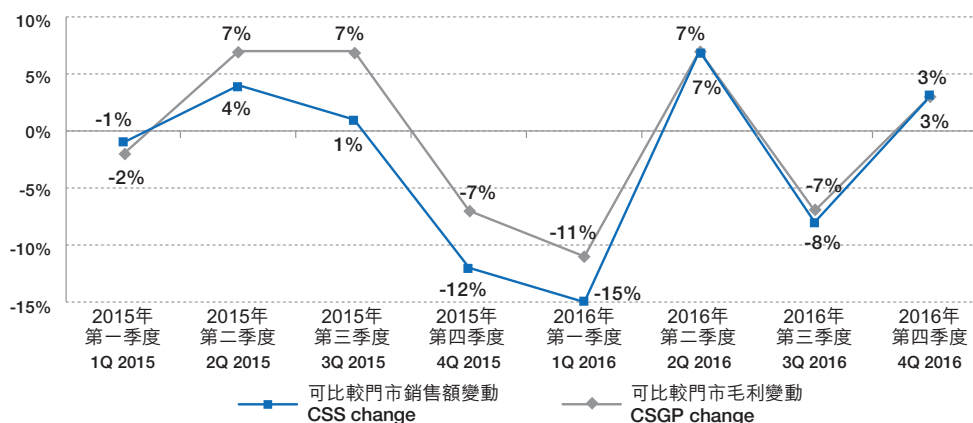
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按固定匯率換算，儘管銷售額下降2%，但毛利按年持平。毛利率上升1.3個百分點，主要是由於高利潤產品之產品組合改善所致。租金費用增加令經營溢利輕微下降，按年比下降4%。管理層將繼續提高營運效率，衝破逆境，並將在經濟好轉時力爭擴大業務。

At constant exchange rates, despite sales were down by 2%, gross profit was flat YOY. Gross profit margin was up by 1.3 percentage points, primarily due to improved product mix from high-margin products. The increasing rental expense slightly deleveraged the operating results, which recorded a decrease of 4% YOY. Management will continue to enhance operating efficiency to combat the adversity there and will seek to expand our footprint when the economy turns the corner.

圖表10：中東季度可比較門市銷售額及可比較門市毛利變動
Chart 10: The Middle East quarterly CSS and CSGP change



南韓（一間合營公司）

South Korea (a joint venture)

表13：南韓概覽

Table 13: Overview of South Korea

(以百萬韓圓為單位) (In KRW million)		全年 Full Year			下半年 Second Half			上半年 First Half		
		2016	2015	變動 Change	2016	2015	變動 Change	2016	2015	變動 Change
總銷售額	Total sales	215,037	218,007	(1%)	113,518	115,543	(2%)	101,519	102,464	(1%)
可比較門市銷售額	CSS	(4%)	(3%)		(6%)	1%		(2%)	(6%)	
毛利	Gross profit	119,822	118,555	1%	63,452	62,065	2%	56,370	56,490	持平Flat
毛利率	Gross profit margin	55.7%	54.4%	1.3pp/ 百分點	55.9%	53.7%	2.2pp/ 百分點	55.5%	55.1%	0.4pp/ 百分點
可比較門市毛利	CSGP	(1%)	(7%)		(2%)	(3%)		持平Flat	(9%)	
純利	Net Profit	12,641	11,749	8%	7,197	6,705	7%	5,444	5,044	8%
應佔溢利 (持股百分比：48.5%)	Share of profit (% of equity holding: 48.5%)	6,131	5,698	8%	3,491	3,252	7%	2,640	2,446	8%
期末門市數目	Number of stores at period end	200	198	2				195	200	(5)

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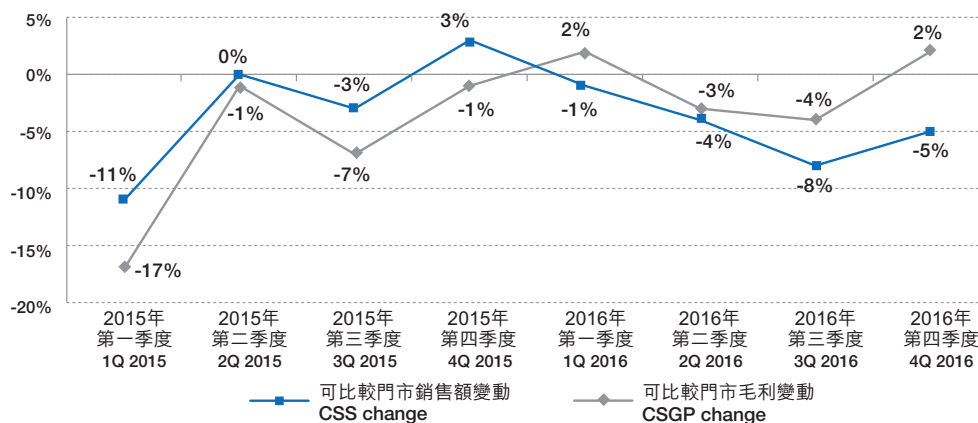
一間由南韓獨立管理團隊管理之擁有48.5%權益之合營公司錄得可比較門市銷售額減少4%，及可比較門市毛利下降1%。經歷了漫長的一段非常低毛利率之時期(尤其是在2015年下半年中東呼吸綜合症爆發期間)後，毛利率增長1.3個百分點。南韓於回顧年度內進行存貨優化，與2015年12月31日相比，2016年12月31日之存貨減少了6,200萬港元，截至2016年12月31日，其存貨流轉日數亦由105天減少至80天。

South Korea, a 48.5% joint venture under an independent management team, registered a 4% decrease in CSS and 1% decline in CSGP. Gross profit margin was up by 1.3 percentage points. This was after an extended period of unusually low gross profit margin, particularly in the second half of 2015, when the Middle East Respiratory Syndrome broke out. South Korea underwent inventory rationalization during the year under review and had HK\$62 million less inventory on December 31, 2016 as compared with December 31, 2015. Its inventory turnover days also fell from 105 days to 80 days for the year ended December 31, 2016.

韓圓兌港元貶值持續拉低我們於南韓之應佔溢利。我們之應佔溢利按當地貨幣計算增長8%，但按當前匯率換算僅增長3%。管理層展望未來南韓將利用本集團之採購槓桿作用進一步提高產品利潤。

The depreciation of the Korean Won (“KRW”) against HKD continued to lower our share of profit there. Our share of profit rose by 8% in local currency terms, but only increased by 3% at current exchange rates. Going forward, management expects that South Korea will further enhance product margins from leveraging the Group’s sourcing power.

圖表11：南韓季度可比較門市銷售額及可比較門市毛利變動
Chart 11: South Korea quarterly CSS and CSGP change



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本集團對海外加盟商及非合併實體之批發

GROUP WHOLESALES TO OVERSEAS FRANCHISEES AND NON-CONSOLIDATED ENTITIES

表14：海外加盟商及非合併附屬公司門市數目

Table 14: Store number of overseas franchisees and non-consolidated subsidiaries

按市場劃分	By market	於 At	
		2016年 12月31日 December 31 2016	2015年 12月31日 December 31 2015
南韓	South Korea	200	198
緬甸	Myanmar	111	112
菲律賓	Philippines	76	68
越南	Vietnam	28	25
日本	Japan	10	9
其他市場	Other markets	5	4
門市總數	Total number of stores	430	416
總零售空間(平方呎)	Total retail floor space (sq. ft.)	485,200	455,700

批發銷售額下降16%至3.04億港元(2015年：3.64億港元)，主要由於南韓進行存貨優化後減少採購所致。此外，菲律賓、緬甸及越南合共錄得20%之銷售額增長，本集團向該等市場之批發銷售額則增長10%。管理層將繼續支持我們海外加盟網絡之發展。

Wholesale sales fell by 16% to HK\$304 million (2015: HK\$364 million), primarily due to reduced purchases from South Korea which underwent inventory rationalization. Elsewhere, the Philippines, Myanmar and Vietnam have collectively registered 20% sales growth and the Group's wholesale sales to these markets increased by 10%. Management will continue to support the growth of our overseas franchise network.

財務情況

從經營業務所得之自由現金流量

從經營業務所得之自由現金流量對創造股東價值至關重要，而這在內部一直是主要關鍵績效指標。於回顧年度，從經營業務所得之自由現金流量為5.05億港元(2015年：6.44億港元)。2015年從經營業務所得之高水平自由現金流量是由於與供應商之結算時間差異，在一定程度上是特殊情況。現金轉化率量度我們將報告溢利轉換為現金之能力，其按扣除已付稅項前之自由現金流量6.19億港元除以EBIT計算，為100%(2015年：120%)。

FINANCIAL CONDITION

Free cash flow from operations

Free cash flow from operations is essential to create shareholder value and this has been a constant key performance indicator internally. During the year under review, free cash flow from operations was HK\$505 million (2015: HK\$644 million). The high level of free cash flow from operations in year 2015 was to some degree exceptional due to timing difference in settlement with suppliers. The cash conversion rate, which measures our ability to convert reported profit into cash and calculated by dividing free cash flow before taxes paid of HK\$619 million to EBIT, was 100% (2015: 120%).

於年末，淨現金及銀行結存為10.95億港元，對比去年財政年度末輕微上升(2015年：10.76億港元)。於回顧年度，我們新增2.98億以港元計值之短期銀行貸款，利用銀行間之利率差異以提高收益。

Net cash and bank balances at HK\$1,095 million, this represents a slight increase with last fiscal year-end (2015: HK\$1,076 million). During the year under review, we added HK\$298 million short-term bank loans denominated in HKD to leverage interest rates differential among banks in the region for yield enhancement.

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管理層認為現有現金及銀行結存以及從經營業務所得之自由現金流量將足以支持我們之業務營運並為我們之發展及行動提供資金。

Management considers the current cash and bank balances and free cash flow from operations sufficient to support our business operations and fund our growth and initiatives.

表15：從經營業務所得之自由現金流量

(以百萬港元為單位)

	2016	2015
EBIT	622	609
折舊及攤銷	126	134
資本開支減出售	(100)	(83)
應佔合營公司／聯營公司除稅前溢利 (扣除股息)	(21)	(18)
營運資金變動	-	112
租賃按金及扣除攤銷之還款減少	1	19
其他	(9)	(40)
已付稅項	(114)	(89)
從經營業務所得之自由現金流量	505	644

Table 15: Free cash flow from operations

(In HK\$ million)

表16：現金及銀行結存變動分析

(以百萬港元為單位)

	2016	2015
年初現金及銀行結存	1,076	915
從經營業務所得之自由現金流量	505	644
新增銀行貸款	298	-
已付股東及非控制性權益股息	(477)	(470)
收購科威特及卡塔爾業務	-	16
發行新股份所得款項	2	3
匯兌差額	(11)	(32)
年末現金及銀行結存	1,393	1,076

Table 16: Analysis of change in cash and bank balances

(In HK\$ million)

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財務狀況

物業、機器及設備

於本年度，我們增加600萬港元資本開支至1.04億港元（2015年：9,800萬港元），用於增設門市及店舖升級。管理層將繼續投資現有店舖環境升級，以提升我們之品牌形象。

商譽及授出認沽期權負債

商譽及授出認沽期權負債來自2012及2015年收購中東業務。我們已進行年度減值測試，作出商譽並無減值結論。

於合營公司之權益

4.8億港元結餘指我們擁有48.5%於南韓合營公司之權益。結餘於回顧年度內減少2,300萬港元乃由於應佔年內溢利4,300萬港元，抵銷已收股息3,300萬港元及貨幣換算差額3,300萬港元所致。

租賃土地及租金預付款項

於2016年12月31日，租賃土地及租金預付款項減少900萬港元至2.43億港元（2015年：2.52億港元），主要由於新增租金預付款項5,900萬港元，並被6,700萬港元攤銷所抵銷。

存貨

存貨控制是採購效率之重要指標，並一直是本集團之核心競爭力。本集團於2016年12月31日之存貨減少4,400萬港元或9%至4.47億港元（2015年12月31日：4.91億港元）。年內，存貨流轉日數為78天，與去年相同。

本集團有責任監督供應商及中國大陸加盟商之存貨以及我們擁有之合併存貨（統稱「系統存貨」）。儘管供應商及中國大陸加盟商之存貨並非我們之法定責任，但此規則可確保我們不會積聚資產負債表外存貨。儘管供應商大批生產及庫存核心產品，系統存貨仍較2015年12月31日減少12%。

Financial position

Property, plant, and equipment

During the year, we increased capital expenditure by HK\$6 million to HK\$104 million (2015: HK\$98 million) on the back of additional stores and store upgrades. Management will continue to invest in our shop ambiance to strengthen our brand image.

Goodwill and put option liabilities

The goodwill and put option liabilities arose from the acquisition of the Middle East operations in year 2012 and 2015. We performed annual impairment test and concluded that there was no impairment to goodwill.

Interests in joint ventures

The HK\$480 million balance represents our 48.5% interest in the South Korean joint venture. The decrease in balance by HK\$23 million during the year under review was due to share of profit for the year of HK\$43 million, offset by dividends received of HK\$33 million and currency translation difference of HK\$33 million.

Leasehold land and rental prepayments

At December 31, 2016, leasehold land and rental prepayments decreased by HK\$9 million to HK\$243 million (2015: HK\$252 million), mainly attributable to additional rental prepayments of HK\$59 million, offset by amortization of HK\$67 million.

Inventory

Inventory control is a key indicator of merchandising efficiency and remains a core competence of the Group. Group inventories at December 31, 2016 dropped by HK\$44 million, or 9%, to HK\$447 million (December 31, 2015: HK\$491 million). During the year, ITOC days closed at 78 days, the same as last year.

The Group responsibly monitors inventories at our suppliers and Mainland China franchisees as well as our own consolidated inventories (collectively, the "system inventory"). Although inventories at suppliers and Mainland China franchisees are not our legal liabilities, this discipline ensures that we do not build up off-balance sheet inventories. The system inventory was down by 12% compared to December 31, 2015, in spite of bulk production and stockholding by suppliers of core items.

管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

表17：系統存貨

Table 17: System inventory

		於 At	
		2016年 12月31日 December 31 2016	2015年 12月31日 December 31 2015
(以百萬港元為單位)	(In HK\$ million)		
本集團持有之存貨	Inventories held by the Group	447	491
中國大陸加盟店持有之存貨	Inventories held by franchisees in Mainland China	88	75
供應商之製成貨品(未付運)	Finished goods at suppliers (not yet shipped)	20	67
系統存貨總額	Total system inventory	555	633

應收及應付賬款

本集團監督應收賬款之可收回性，以降低壞賬風險。截至2016年12月31日止年度，應收賬款流轉日數為54天，與去年相比上升3天。逾期超過90天之應收賬款佔應收賬款之7%，與2015年底相同。於回顧年度，應付賬款流轉日數為37天（2015年：38天），符合30至45天之正常信貸期。

Trade receivables and payables

The Group monitors the recoverability of trade receivables to mitigate bad debt risk. Trade receivables turnover days for the year ended December 31, 2016 was 54 days, an increase of 3 days compared to last year. Trade receivables past due more than 90 days represents 7% of trade receivables, same as 2015 year-end. Trade payables turnover days in the year under review was 37 days (2015: 38 days), which was comparable to the normal credit period of 30-45 days.

末期股息

董事會議決建議向股東派發截至2016年12月31日止年度之末期股息每股15.0港仙（2015年：每股14.5港仙），須待於應屆本公司股東週年大會上取得本公司股東批准。股息總額為2.36億港元，反映持續強勁之自由現金流、營運資金管理及淨現金狀況。本集團之政策是向股東回饋剩餘現金。管理層相信有足夠資金用於中期業務投資。

Final dividend

The Board has resolved to recommend the payment of a final dividend of 15.0 HK cents per share (2015: 14.5 HK cents per share) for the year ended December 31, 2016 to shareholders, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company. This totals HK\$236 million and reflects the continuing strong free cash flow, working capital management and net cash position. Group policy is to return surplus cash to shareholders. Management is confident that there are sufficient funds in the business for medium term investments.

管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

展望

展望不久將來，我們預計所經營之市場將面對挑戰與機遇。宏觀經濟及地緣政治條件，尤其是歐美國家，將在全球造成一定程度之不確定性，影響市場情緒，壓抑消費意欲。儘管如此，我們將不懈地追求卓越營運及紀律，同時採取若干舉措以刺激我們業務所在地之經濟，方能使管理層持之以恆。

就平均產品成本而言，人民幣可能持續而有序地貶值將繼續令本集團受惠。但同樣地，中國大陸之換算銷售額將會受到負面影響，亦可能阻礙由東南亞當地貨幣反彈而引致之銷售增長。管理層將繼續監控不同貨幣之間的變化，並於我們預期存在威脅或機會時採取適合措施。

管理層對中國大陸之前景仍保持審慎樂觀。我們將完成合併位於華南之兩個現有倉庫，這將提高經營效率，並使我們能進一步加強存貨控制。2017年，我們之內地加盟網絡亦將繼續擴大及優化。至於中國電子商務業務方面，管理層將努力提高其與第三方平台之合作夥伴地位。

我們的香港營運及管理團隊將致力在節省租金、零售店舖整體翻新、擴張零售網絡以及精心挑選之營銷活動方面繼續保持勢頭。換言之，這將是在下一年度更為艱難之市場及經營環境下所採取之舉措，而雖然街舖之租金可能下降，但商場之租金仍將繼續上漲，這可能阻礙我們香港業務之增長潛力。

台灣方面，遊客人數減少對經濟有重大影響。即將實施與加班費有關之監管變動亦將構成挑戰，不過我們當地管理團隊及本集團管理層均已提前備妥應對措施。

OUTLOOK

In the near future, we foresee both challenges and opportunities in the markets we operate in. The macroeconomic and geopolitical conditions, particularly in the United States and Europe, will cause some degree of uncertainty globally, affecting market sentiment and dampening consumer appetite. That said, our unrelenting pursuit of operational excellence and discipline, coupled with initiatives taken to stimulate the economies within which we operate will allow management to persevere.

The likely ongoing, but gradual depreciation of the Renminbi will continue to benefit the Group insofar as average product cost is concerned. Likewise, however, translated sales from Mainland China will be negatively impacted and this may also frustrate any increase in sales attributable to resurging local currencies in South East Asia. Management will continue to monitor ongoing changes in the dynamics between the currencies and take appropriate action when we anticipate threats or opportunities.

Management's outlook on Mainland China continues to be cautiously optimistic. We will complete the merger of our two existing warehouses in southern China into one facility, which will improve operating efficiencies and allow us to further reinforce our inventory control. The expansion and improvement of our Mainland franchise network will also continue into 2017. In terms of our China e-commerce business, management will strive to advance its partnership status with third-party platforms.

Our Hong Kong operations and management teams will strive to maintain the momentum in rental savings, focused renovation of its retail outlets, the expansion of its retail network as well as carefully selected marketing campaigns. That said, this will be in the context of tougher market and operating conditions in the coming year, and while the rents for street stores may well be declining, shopping mall rents are continuing to rise and this may hinder the growth potential of our business in Hong Kong.

In Taiwan, the reduction in number of tourists has had a major impact on the economy. Impending regulatory changes relating to overtime payments will also pose a challenge, although both our local management team and Group management have prepared measures well in advance to respond.

管理層之論述及分析

MANAGEMENT DISCUSSION AND ANALYSIS

整體而言，亞太其他地區將繼續優化其採購及市場推廣。我們在該地區未見即將來臨之威脅。

我們中東業務之表現在去年下半年有所好轉，當地管理團隊將致力在2017年繼續保持這種勢頭。儘管如此，該地區仍然存在不確定性及挑戰。雖然油價正在緩慢恢復，但其可持續性仍然是一個問題。由於即將舉行之2020年迪拜世博會及2022年足球世界杯等世界級活動之熱潮開始來臨，更多遊客可能會被吸引至阿聯酋，不過仍有待觀察。管理層將繼續在成本及採購方面實施嚴格管控。

我們的南韓合營公司似乎正持續復甦。管理團隊在2016年果斷地優化存貨後，應能夠透過改善採購及成本控制繼續保持其增長勢頭。

中期而言，地區經濟環境不利於整體銷售增長，因此管理層將繼續集中提高可比較門市銷售額及可比較門市毛利增長。最後，管理層相信，透過本集團管理營運資金及從經營業務所得之現金流量，將繼續維持良好之現金結存狀況。

其他資料

人力資源

於2016年12月31日，本集團約有8,000名僱員（2015年12月31日：8,100名）。本集團為各級員工提供具競爭力之薪酬組合，並發放按目標為本計算之優厚花紅。我們向高級管理人員提供與表現掛鉤之花紅計劃及購股權，以酬謝及保留優秀幹練之管理團隊。我們亦投放大量資源於銷售及客戶服務培訓、管理、規劃及領導才能發展，以保留具有技術且主動貢獻之工作團隊。

Collectively, the rest of Asia Pacific will continue improving its merchandising and marketing. We do not see imminent threats in this region.

The performance of our Middle East business improved in the latter half of last year and our local management team will strive to maintain this momentum into 2017. That said, uncertainties and challenges remain in the region. While oil price is slowly recovering, sustainability remains an issue. As interest in imminent world-class events such as the 2020 Expo in Dubai and the football world cup in 2022 begins to gather pace, more visitors may be attracted to the Emirates, but this remains to be seen. Management will continue to enforce strict discipline in both costs and merchandising control.

Our South Korean joint venture appears to have continued its recovery. The management team, having decisively rationalized inventory throughout 2016, should be able to continue its performance momentum through improved merchandising and cost control.

Regional economic environments are not conducive to overall sales increases in the medium term, therefore management will continue to focus on improving CSS and CSGP growth. Finally, management is confident that it will continue to sustain good cash balances by managing the Group's working capital and cash flow from operations.

OTHER INFORMATION

Human Resources

On December 31, 2016, the Group had approximately 8,000 employees (December 31, 2015: 8,100). The Group offers competitive remuneration packages and generous, goal-oriented bonuses targeted to different levels of staff. We offer senior managers performance-based bonus schemes and share options to reward and retain a high caliber leadership team. We also invest heavily in training in sales and customer service, management, planning and leadership development to retain a skilled and motivated workforce.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILES

劉國權博士 (主席及行政總裁)，現年64歲，為本集團主席及行政總裁。彼亦為本公司管理委員會及提名委員會主席及薪酬委員會成員。彼於1987年加入本集團，並於1994年2月8日成為行政總裁，同年8月10日獲選為本集團董事會主席。彼亦為本集團若干子公司之董事。

劉博士現出任Fairwood Holdings Limited大快活集團有限公司*之獨立非執行董事，該公司於香港聯合交易所有限公司(「聯交所」)上市。劉博士亦為香港理工大學工商管理學院學系顧問委員會之主席，以及香港城市大學兼任市場學教授。

劉博士持有香港理工大學工商管理博士學位、加拿大卡加里大學工商管理碩士學位及香港大學佛學碩士學位。彼為加拿大特許會計師公會會員及加拿大公認管理會計師公會之會員。於加入本集團前，劉博士於加拿大之私營及公營機構有超過12年的管理及會計經驗。

陳嘉緯博士 (執行董事)，現年40歲，於2000年1月加入本集團，並分別於2014年6月20日及2015年4月1日獲委任為本公司執行董事及首席營運官。彼為本公司管理委員會成員及本集團若干子公司及合營公司之董事。陳博士負責所有中國大陸業務，同時指導本集團的營運，以達致預算和其他財務目標，並且制訂目標、調配資源和評估政策，以推動本集團的業務表現。陳博士在服裝零售經銷業務及市場推廣已累積超逾15年經驗。

陳博士持有香港理工大學工商管理博士學位及香港城市大學環球企業管理文學碩士學位。

Dr. LAU Kwok Kuen, Peter (Chairman and Chief Executive), aged 64, is the Group's Chairman and Chief Executive. He is also chairman of the Management Committee and Nomination Committee and a member of the Remuneration Committee of the Company. He joined the Group in 1987, became the Chief Executive on February 8, 1994, and was elected Chairman of the Board of Directors of the Group on August 10 in the same year. He is also a director of certain subsidiaries of the Group.

Dr. LAU is also an independent non-executive director of Fairwood Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Dr. LAU is currently the Chairman of the Advisory Committees on management and marketing at The Hong Kong Polytechnic University as well as Adjunct Professor of Marketing at City University of Hong Kong.

Dr. LAU holds a Doctorate degree in Business Administration from The Hong Kong Polytechnic University, an MBA degree from the University of Calgary in Canada and a Master of Buddhist Studies from The University of Hong Kong. He is a member of The Canadian Institute of Chartered Accountants and the Society of Certified Management Accountants of Canada. Dr. LAU had over 12 years of management and accounting experience in both the private and public sectors in Canada before joining the Group.

Dr. CHAN Ka Wai (Executive Director), aged 40, joined the Group in January 2000 and was appointed as an Executive Director and the Chief Operating Officer of the Company on June 20, 2014 and April 1, 2015, respectively. He is a member of the Management Committee of the Company and also a director of certain subsidiaries and joint ventures of the Group. Dr. CHAN is responsible for all of Mainland China while directing the Group's operations to meet budget and other financial goals, as well as establishing goals, allocating resources and assessing policies to drive the Group's performance. Dr. CHAN has over 15 years of experience in the apparel retailing and marketing business.

Dr. CHAN holds a Doctorate degree in Business Administration from The Hong Kong Polytechnic University and a Master of Arts in Global Business Management from City University of Hong Kong.

* 僅供識別

* For identification purpose only

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILES

羅學文先生¹ (執行董事)，現年38歲，自2013年9月加入本集團，並於2017年3月9日獲委任為本公司執行董事。羅先生現為本公司之集團法律總監、公司秘書及集團人力資源總監。彼監督本集團法律、監管、合規、企業管治、人力資源及人材發展事宜。羅先生亦為本公司風險管理委員會主席及管理委員會成員，以及本集團多間附屬公司及合營公司之董事及公司秘書。

羅先生於2007年獲認許香港大律師資格，並為英國特許仲裁員協會會員。彼畢業於英國威爾斯亞伯里斯威斯大學，獲頒授法律學榮譽學士，並獲香港城市大學頒授仲裁及爭議解決學文學碩士(優異)及法學專業證書。彼為上市公司處理包括監管及合規事宜、收購合併、合資及其他商業法律事項，以至勞工及海商法等事項擁有15年以上之經驗。

Ishwar Bhagwandas CHUGANI先生² (執行董事)，現年58歲，於2013年2月1日獲委任為本公司執行董事。彼亦出任佐丹奴中東FZE之行政總裁及董事總經理，以及本公司管理委員會成員。

作為佐丹奴中東FZE之行政總裁及董事總經理，CHUGANI先生領導本集團於中東、印度、非洲、中亞和歐洲的業務。佐丹奴中東FZE為本公司的一家全資附屬公司，並向本公司跨區域之特許經營合作夥伴提供策略性支援、物流及管理。

CHUGANI先生於1979年開展其事業，於迪拜 Al Ghurair Centre成立了辛巴達的仙境(Sindbad's Wonderland)，為中東首個室內家庭娛樂中心。

於1993年，CHUGANI先生加入本公司的一家合資企業，並成功擴充其原以阿拉伯聯合酋長國(「阿聯酋」)地區為基地的業務至鄰近眾多市場。

Mr. Mark Alan LOYND¹ (Executive Director), aged 38, has been with the Group since September 2013 and was appointed as an Executive Director of the Company on March 9, 2017. Mr. LOYND is currently the General Counsel, Company Secretary and Group Human Resources Director of the Company. He oversees legal, regulatory, compliance, corporate governance, human resources and talent development affairs of the Group. Mr. LOYND is also chairman of the Risk Management Committee and a member of the Management Committee of the Company as well as director and company secretary of various subsidiaries and joint ventures of the Group.

Mr. LOYND was called to the Bar in Hong Kong in 2007 and is a Member of the Chartered Institute of Arbitrators in London, the United Kingdom. He holds a Bachelor of Laws from Aberystwyth University in the United Kingdom as well as a Master of Arts in Arbitration and Alternative Dispute Resolution (*with distinction*) and a Postgraduate Certificate in Laws, both from the City University of Hong Kong. He possesses over 15 years of experience in handling regulatory and compliance matters for listed companies, mergers and acquisitions, joint ventures and other commercial law affairs, as well as labour and maritime law issues.

Mr. Ishwar Bhagwandas CHUGANI² (Executive Director), aged 58, was appointed as an Executive Director of the Company on February 1, 2013. He is also the chief executive officer and managing director of Giordano Middle East FZE and a member of the Management Committee of the Company.

As the chief executive officer and managing director of Giordano Middle East FZE, Mr. CHUGANI heads the Group's business in the Middle East, India, Africa, Central Asia and Europe. Giordano Middle East FZE is a wholly-owned subsidiary of the Company and provides strategic support, logistics and management to the Company's franchise partners across the region.

Mr. CHUGANI began his career in 1979 when he set up Sindbad's Wonderland, the Middle East's first Indoor Family Entertainment Centre at the Al Ghurair Centre, Dubai.

In 1993, Mr. CHUGANI successfully entered into a joint venture with the Company and has successfully expanded the business from its original base in United Arab Emirates ("UAE") to numerous markets around the region.

¹ 於2017年3月9日獲委任

² 於2017年3月9日辭任

¹ Appointed on March 9, 2017

² Resigned on March 9, 2017

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILES

憑著他卓越管理和領導才能，CHUGANI先生獲頒發由中東購物中心協會及國際零售商理事會聯合主辦，中東及北非購物中心和零售商獎項中之專業零售商2014年年度大獎。

彼在仕途中獲無數的讚譽，包括曾獲頒發迪拜的2013年度阿拉伯商務印度行政總裁獎項中之特殊表揚大獎。彼亦被《福布斯》雜誌評選為2013年、2014年及2015年年度在阿拉伯世界中最佳前20名之印度行政總裁。彼亦於2014年獲企業家組織(阿聯酋部份)頒發特別表彰獎。

CHUGANI先生亦為中東購物中心協會之創始會員及顧問。他對中東地區的零售業貢獻已跨越38年。

CHUGANI先生畢業於菲律賓德拉薩大學(De La Salle University)，持有商務管理榮譽學位，並於2012-2013學年被菲律賓馬尼拉德拉薩大學(De La Salle University)授予一個聖喇沙傑出校友獎。

鄭志剛博士 JP (非執行董事)，現年37歲，於2012年5月22日獲委任為本公司非執行董事。鄭博士擔任新世界發展有限公司執行副主席兼聯席總經理，並已於2017年3月1日起調任為執行副主席兼總經理。彼亦為新世界百貨中國有限公司、周大福珠寶集團有限公司及國際娛樂有限公司之執行董事，以及現代傳播控股有限公司非執行董事兼副主席，該等公司均為於聯交所上市。鄭博士為新世界中國地產有限公司執行董事，該公司曾為香港上市公眾公司，直至2016年8月4日除牌。彼為周大福(控股)有限公司及周大福企業有限公司之董事。彼亦為新世界集團慈善基金有限公司主席。鄭博士於2003年9月至2006年4月期間任職於某大國際銀行，具有豐富企業融資經驗。

鄭博士持有哈佛大學文學士學位(優等成績)，並獲薩凡納藝術設計學院頒授榮譽博士學位。

Known for his distinct management and leadership style, Mr. CHUGANI received the 2014 Retail Professional of the Year Award from the Middle East and North Africa Shopping Centre and Retailer Awards organized by the Middle East Council of Shopping Centres and the International Council of Shopping Centers.

He has received numerous other accolades during his career including: a Special Recognition award in the 2013 Arabian Business Indian CEO Awards in Dubai, was named one of the Top 20 Indian CEOs in the Arab World by *Forbes* magazine in 2013, 2014 and 2015; and received a special recognition award from the Entrepreneurs Organization, UAE Chapter in 2014.

Mr. CHUGANI is also a founding member and Advisor of the Middle East Council of Shopping Centres. His contribution to the retail industry in the region spans over 38 distinguished years.

Mr. CHUGANI studied business management at De La Salle University in the Philippines, where he graduated with honours and was bestowed the St. La Salle Award for 2012-2013 academic year as an outstanding alumnus by his alma mater, De La Salle University in Manila, Philippines.

Dr. CHENG Chi Kong, Adrian JP (Non-executive Director), aged 37, was appointed as a Non-executive Director of the Company on May 22, 2012. Dr. CHENG was executive vice-chairman and joint general manager of New World Development Company Limited and has been re-designated to executive vice-chairman and general manager with effect from March 1, 2017. He is also an executive director of New World Department Store China Limited, Chow Tai Fook Jewellery Group Limited and International Entertainment Corporation, and a non-executive vice chairman of Modern Media Holdings Limited, all are listed on the Stock Exchange. Dr. CHENG has been an executive director of New World China Land Limited, which was a listed public company in Hong Kong until its delisting on August 4, 2016. He is a director of Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited. He is also the chairman of New World Group Charity Foundation Limited. Dr. CHENG worked in a major international bank from September 2003 to April 2006 and has substantial experience in corporate finance.

Dr. CHENG holds a Bachelor of Arts Degree (*cum laude*) from Harvard University, and was conferred the Honorary Doctorate of Humanities by the Savannah College of Art and Design.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILES

鄭博士為中央企業青年聯合會副主席、中華全國青年聯合會副主席、中國人民政治協商會議天津市委員會委員、中華青年精英基金會主席、K11 Art Foundation榮譽主席及西九文化區管理局董事局成員。

陳世昌先生 (非執行董事)，現年54歲，於2012年5月22日獲委任為本公司非執行董事。陳先生亦為周大福珠寶集團有限公司之執行董事，該公司於聯交所上市。陳先生已在珠寶行業從事35年。

陳先生為中國黃金協會常務理事、全國珠寶玉石標準化技術委員會委員、深圳市黃金珠寶首飾行業協會理事副會長、中國珠寶玉石首飾行業協會常務理事、廣東省金銀首飾商會常務副會長、廣東省黃金協會常務副會長、廣東省金銀珠寶玉器業廠商會副主席及武漢的中國地質大學珠寶學院董事。

畢滌凡博士 (獨立非執行董事)，現年72歲，於1991年5月加入本集團，彼亦為本公司審核委員會主席、提名委員會及薪酬委員會成員。

畢滌凡博士曾為Global-Tech Advanced Innovations Inc.及中國海王星辰連鎖藥店有限公司之非執行董事，該兩家公司分別於2016年3月及2016年8月在納斯達克全球精選市場及紐約證券交易所除牌。畢滌凡博士亦曾為偉業金融集團有限公司之高級顧問，該安排在年內終止。畢滌凡博士已於2017年1月獲續任為禮恒企業財務服務有限公司之董事，並於同日獲委任為禮恒企業諮詢有限公司之董事。

由2011年至2014年，畢滌凡博士為新昌集團控股有限公司(前稱新昌營造集團有限公司)(「新昌集團控股」)執行董事、以及Synergis Holdings Limited新昌管理集團有限公司*(「新昌管理集團」)之非執行董事，兩家公司均於聯交所上市。

Dr. CHENG is the vice-chairman of the Youth Federation of the Central State-owned Enterprises, the vice-chairman of All-China Youth Federation, a member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference, the chairman of China Young Leaders Foundation, the honorary chairman of K11 Art Foundation and a member of Board of the West Kowloon Cultural District Authority.

Mr. CHAN Sai Cheong (Non-executive Director), aged 54, was appointed as a Non-executive Director of the Company on May 22, 2012. He is also as an executive director of Chow Tai Fook Jewellery Group Limited, a company listed on the Stock Exchange. Mr. CHAN has been in the jewellery industry for 35 years.

Mr. CHAN also serves as member of the standing council of China Gold Association, member of National Technical Committee on Jewelry and Jade of Standardization Administration of China, vice chairman of the Shenzhen Gold & Jewellery Association, administrative director of the Gems and Jewellery Trade Association of China, executive vice chairman of Guangdong Gold and Silver Jewellery Chamber of Commerce, general vice-chairman of Gold Association of Guangdong Province, vice chairman of the Guangdong Golden Jewelry and Jade Industry's Association, as well as director of the Gemmological Institute, China University of Geosciences (Wuhan).

Dr. Barry John BUTTIFANT (Independent Non-executive Director), aged 72, joined the Group in May 1991. He is also chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company.

Dr. BUTTIFANT was a non-executive director of Global-Tech Advanced Innovations Inc. and China Nepstar Chain Drugstore Ltd., both of which were delisted on NASDAQ Global Market LLC and New York Stock Exchange in March 2016 and August 2016, respectively. Dr. BUTTIFANT was also senior adviser to MCL Financial Group Ltd, the arrangement of which terminated in the year. Dr. BUTTIFANT has been re-appointed as a director of KLC Transactions Limited in January 2017, and is also appointed as a director of KLC Corporate Advisory and Recovery Limited from the same date.

From 2011 to 2014, Dr. BUTTIFANT was an executive director of Hsin Chong Group Holdings Limited (formerly known as Hsin Chong Construction Group Ltd.) ("HCGH") and a non-executive director of Synergis Holdings Limited ("Synergis") from 2009 to 2014, both of which are listed on the Stock Exchange.

* 僅供識別

* For identification purpose only

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILES

畢滌凡博士於2010年7月擔任IDT International Limited萬威國際有限公司*之執行董事。於2009年10月，畢滌凡博士出任駿豪集團（「駿豪集團」）之企業融資董事，在此委任之前，彼自2008年12月起為駿豪集團之顧問。於加入駿豪集團前，畢滌凡博士曾任呂禮恒會計師事務所（一間專業會計師事務所）（「KLC」）之部門主管及禮恒企業財務服務有限公司之董事總經理。於加入KLC前，畢滌凡博士出任駿豪集團之財務執行董事。於2004年12月，畢滌凡博士出任Hsin Chong International Holdings Limited之董事總經理一職。Hsin Chong International Holdings Limited為建築公司新昌集團控股（於2007年11月獲駿豪集團收購）及物業管理服務公司新昌管理集團（於2008年9月獲新昌集團控股收購）之控股股東。畢滌凡博士亦曾為這兩家公司之替代董事。畢滌凡博士曾為霸菱亞洲投資有限公司之營運合夥人。彼於2001年至2002年期間亦曾擔任Auto Italia Holdings Limited意達利控股有限公司*（前稱和記行（集團）有限公司*）（「意達利控股」）之董事總經理，並於2002年11月至2004年4月期間出任意達利控股之董事會顧問。於加入意達利控股前，彼於IDT International Limited萬威國際有限公司*擔任董事總經理超過8年，並曾於寶麗碧集團和森那美香港有限公司工作超過11年，期間曾出任財務董事及董事總經理職務。畢滌凡博士曾為華訊股份有限公司及（由2005年至2009年期間）及雲智匯科技服務有限公司（前稱台和商事控股有限公司）之獨立非執行董事（由1994年至2015年期間），兩家公司均於聯交所上市。畢滌凡博士為特許公認會計師公會、香港會計師公會、英國特許管理學會、香港管理專業協會及香港董事學會之資深會員。彼於2013年2月獲授英國愛丁堡龍比亞大學工商管理榮譽博士學位。

In July 2010, Dr. BUTTIFANT was an executive director of the IDT International Limited. In October 2009, Dr. BUTTIFANT was a director of Mission Hills Group (“MHG”) – corporate finance and prior to this appointment, he was the consultant to MHG since December 2008. Prior to joining MHG, Dr. BUTTIFANT served as a principal of KLC Kennic Lui & Co. Limited (“KLC”), a professional accounting firm, and managing director of KLC Transactions Limited. Prior to joining KLC, Dr. BUTTIFANT was the executive director – finance of MHG. In December 2004, Dr. BUTTIFANT was the managing director of Hsin Chong International Holdings Limited, a controlling shareholder of both the construction company, HCGH (which was acquired by MHG in November 2007) and a property management service company, Synergis (which was acquired by HCGH in September 2008). Dr. BUTTIFANT was also an alternate director to both public companies. Dr. BUTTIFANT was an operating partner of Baring Private Equity Asia Limited. He was also the managing director of Auto Italia Holdings Limited (formerly known as Wo Kee Hong (Holdings) Limited) (“Auto Italia”) from 2001 to 2002 and was the Advisor to the board of directors of Auto Italia from November 2002 to April 2004. Prior to joining Auto Italia, he was the managing director of IDT International Limited for over 8 years and had worked for Polly Peck Group and Sime Darby Hong Kong Limited for more than 11 years in the capacity of finance director and managing director. Dr. BUTTIFANT was formerly an independent non-executive director of Alltronics Holdings Limited from 2005 to 2009 and Maxnerva Technology Services Limited (formerly known as Daiwa Associate Holdings Limited) from 1994 to 2015, both of which are listed on the Stock Exchange. Dr. BUTTIFANT is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Chartered Management Institute, the Hong Kong Management Association and the Hong Kong Institute of Directors. He has been awarded an honorary doctorate of Business Administration (Honoris Causa) by Edinburgh Napier University, United Kingdom in February 2013.

* 僅供識別

* For identification purpose only

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILES

鄭其志先生 *GBS JP (獨立非執行董事)*，現年65歲，於2004年4月26日獲委任為本公司為獨立非執行董事，彼亦為本公司審核委員會成員。鄭先生現為另一家上市公司，進智公共交通控股有限公司之獨立非執行董事。鄭先生持有香港大學物理及數學理學士學位，亦在英國劍橋大學獲取經濟及政治發展 (Economics and Politics of Development) 哲學碩士學位。彼在香港政府服務27年，主要擔任經濟及金融事務之職位。彼於1995年至1998年擔任庫務司／庫務局局長，主要負責公共財政事務，及於1998年至2000年3月擔任資訊及廣播局局長，主要負責資訊科技、電信及廣播事務。隨著聯交所、香港期貨交易所有限公司及其相關結算所改革及合併，彼於2000年3月離開香港特別行政區政府加入香港交易及結算所有限公司擔任執行董事及首位行政總裁並於2003年4月卸任。其後，鄭先生於多間公司先後任職為董事總經理／執行董事／非執行董事，其中包括新昌國際集團有限公司、偉新(國際)有限公司、Macau Legend Development Ltd 澳門勵駿創建有限公司*及Chenavari Investment Managers (HK) Limited。

鄭先生為香港非官守太平紳士及獲香港特別行政區政府頒授金紫荊星章。

Simon Devilliers RUDOLPH先生 (獨立非執行董事)，現年56歲，於2013年6月28日獲委任為本公司獨立非執行董事。彼亦為本公司薪酬委員會主席、審核委員會及提名委員會成員。RUDOLPH先生，於富蘭克林鄧普頓投資 (Franklin Templeton Investments) 任職基金經理18年，其中最近14年於香港工作。在此期間，RUDOLPH先生累積了廣泛的環球商貿知識及零售經驗，尤其是於亞太區，且特別專注於消費品生產。於香港富蘭克林鄧普頓任職前，RUDOLPH先生在美國富蘭克林鄧普頓工作4年，及在此之前於倫敦摩根士丹利 (Morgan Stanley) 工作7年，及分別於倫敦UBS Philips and Drew及Coopers and Lybrand (現時為PricewaterhouseCoopers之一部份) 各任職3年。自1986年起，RUDOLPH先生為英格蘭及威爾斯特許會計師公會會員。彼持有英國德倫大學 (University of Durham) 經濟學士學位。

* 僅供識別

Mr. KWONG Ki Chi *GBS JP (Independent Non-executive Director)*, aged 65, was appointed as an Independent Non-executive Director of the Company on April 26, 2004 and is a member of the Audit Committee of the Company. Mr. KWONG is also an independent non-executive director of another listed company, AMS Public Transport Holdings Limited. Mr. KWONG graduated from The University of Hong Kong with a Bachelor of Science degree in Physics and Mathematics and was awarded a Master of Philosophy degree in Economics and Politics of Development by the University of Cambridge, England. He has served in the Government of Hong Kong for 27 years and held positions principally in the economic and financial fields. He was the Secretary for the Treasury from 1995 to 1998, with responsibility for public finances, and Secretary for Information Technology and Broadcasting from 1998 to March 2000, with responsibility for information technology, telecommunications and broadcasting. He left the Government of the Hong Kong Special Administrative Region in March 2000 to join the Hong Kong Exchanges and Clearing Limited as executive director and first Chief Executive, following the demutualization and merger of the Stock Exchange, the Hong Kong Futures Exchange Limited and their associated clearing houses and retired in April 2003. Since then, Mr. KWONG had served as the managing director/executive director/non-executive director of various companies, including Hsin Chong International Holdings Ltd, Hongkong Sales (Int'l) Ltd, Macau Legend Development Ltd and Chenavari Investment Managers (HK) Limited.

Mr. KWONG is a non-official Justice of the Peace in Hong Kong and has been awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region.

Mr. Simon Devilliers RUDOLPH (*Independent Non-executive Director*), aged 56, was appointed as an Independent Non-executive Director of the Company on June 28, 2013. He is also chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. RUDOLPH worked for 18 years as a Fund Manager for Franklin Templeton Investments, with the last 14 in Hong Kong. Over that time, Mr. RUDOLPH developed extensive knowledge and experience of businesses across the world and Retail and in Asia Pacific, consumer producers were a particular focus. Prior to his employment by Franklin Templeton in Hong Kong, Mr. RUDOLPH worked for 4 years with Franklin Templeton in the USA, and before that in London for 7 years at Morgan Stanley, 3 years at UBS Philips and Drew and 3 years at Coopers and Lybrand (now part of PricewaterhouseCoopers) in London. Mr. RUDOLPH has been a member of the Institute of Chartered Accountants of England and Wales since 1986. He holds a degree in Economic History from the University of Durham in the United Kingdom.

* For identification purpose only

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILES

黃旭教授(獨立非執行董事)，現年46歲，於2015年11月11日獲委任為本公司獨立非執行董事。彼亦為本公司審核委員會、提名委員會及薪酬委員會成員。

黃教授現為香港浸會大學管理學系教授。黃教授自2010年起出任Griffith University工作、組織及幸福中心(Centre for Work, Organization and Wellbeing)兼任教授。自2012年起亦獲委任為上海財經大學客席教授。

黃教授於1994年獲頒香港嶺南大學商業管理學之榮譽文憑，並於1996年獲頒英國蘭卡斯特大學(Lancaster University)之文學碩士(主修組織行為及研究)及2002年獲頒荷蘭格羅寧根大學(University of Groningen)之哲學博士(主修組織行為心理)。他在負笈荷蘭攻讀哲學博士之前，曾於香港多家公司擔任培訓人員。

黃教授之研究領域包括授權；領導力；員工幸福感與情緒；跨文化組織心理以及中國組織中之管理問題，研究成果散見於*Academy of Management Journal*；*Journal of International Business Studies*；*Journal of Management*；*Leadership Quarterly*；*Journal of Organizational Behavior*；*Journal of Occupational and Organizational Psychology*；*Journal of Cross-Cultural Psychology*；*Management and Organization Review*；*Asia Pacific Journal of Management*；*Journal of Environmental Psychology*及*International Journal of Cross-Cultural Management*等國際知名管理刊物。

Professor WONG Yuk (alias, HUANG Xu) (*Independent Non-executive Director*), aged 46, was appointed as an Independent Non-executive Director of the Company on November 11, 2015. He is also a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of Company.

Professor HUANG is currently a Professor of Management at the Department of Management, Hong Kong Baptist University. Since 2010, he has served as an Adjunct Professor in the Centre for Work, Organization and Wellbeing, Griffith University. He has also been appointed as a Visiting Professor in Shanghai University of Finance and Economics since 2012.

Professor HUANG received an Honours Diploma from Lingnan University (Hong Kong) in General Business Management in 1994, a MA from Lancaster University (England) in Organizational Analysis & Behaviour in 1996 and his PhD from the University of Groningen (The Netherlands) in Organizational Psychology in 2002. He has worked as a trainer for several companies in Hong Kong before commencing his PhD studies in the Netherlands.

Professor HUANG's research interests include empowerment; leadership; employees' well-being and emotions; cross-cultural organizational psychology and management issues in China. He has published inter-alia in the *Academy of Management Journal*; *Journal of International Business Studies*; *Journal of Management*; *Leadership Quarterly*; *Journal of Organizational Behavior*; *Journal of Occupational and Organizational Psychology*; *Journal of Cross-Cultural Psychology*; *Management and Organization Review*; *Asia Pacific Journal of Management*; *Journal of Environmental Psychology and International Journal of Cross-Cultural Management*.

企業管治報告書

CORPORATE GOVERNANCE REPORT

董事會致力在合理可行的架構中保持最高水平的企業管治。董事會堅信，透明、問責和獨立性的原則對於保障全體持份者的利益及提升股東的價值至為重要。

董事會一直致力提高企業管治水平，其負責制定及檢討本公司的企業管治以及在遵守法律及監管規定方面的政策及常規。於2016年1月1日，董事會已採納聯交所證券上市規則（「上市規則」）附錄十四所載之企業管治守則內的守則條文（「守則條文」）作為本公司之企業管治守則（「企業管治守則」），以代替本公司之企業管治守則。

於2016年度內，除偏離守則條文第A.2.1條、A.4.2條及A.4.3條外（於下文相關段落說明），本公司已全面遵守企業管治守則的守則條文。

董事會 責任

董事會肩負有效率及盡責地領導本公司的職責。董事會訂立本集團之整體目標和策略、監管及評估其營運與財務上的表現，並檢討本公司之企業管治水平。董事會亦須就各項公司事宜作出決策，包括關於全年及中期業績、須予公佈之交易、委任或重新委任董事、股息以及會計政策。董事，無論個別或全體成員，都致力以誠，以公司及股東整體利益為最優先的考慮因素。董事會所訂立之策略及計劃，則由管理層負責執行。管理層就本集團的日常營運向董事會負上全責。

The Board is dedicated to maintaining the highest standard of corporate governance within a sensible and practical framework. The Board firmly believes that the principles of transparency, accountability and independence are essential for upholding the interests of all stakeholders and maximizing shareholder value.

The Board is committed to excellence in corporate governance, it is responsible for developing and reviewing the Company's policies and practices on corporate governance as well as compliance with legal and regulatory requirements. On January 1, 2016, the Board has adopted the code provisions (the "Code Provisions") as stated in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as the Corporate Governance Code of the Company in substitution of the Company's Code on Corporate Governance.

During the year of 2016, save for the deviations from Code Provisions A.2.1, A.4.2 and A.4.3, which are explained in the relevant paragraph below, the Company fully complied with the Code Provisions in the CG Code.

BOARD Responsibilities

The Board is charged with providing effective and responsible leadership for the Company. It sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standards of the Company. It also decides on matters relating to annual and interim results, notifiable transactions, appointments or re-appointments of Directors, dividends and accounting policies. The Directors, individually and collectively, are committed to act in good faith in the best interests of the Company and its shareholders. The strategies and plans as decided by the Board are implemented by management. Management assumes full accountability to the Board for the day-to-day operation of the Group.

企業管治報告書

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組成

於本報告日期，董事會由四位獨立非執行董事、兩位非執行董事，以及三位執行董事組成。

獨立非執行董事及非執行董事帶來多方面的專業知識、技能和經驗，為本集團提供有效指引，並為本集團面對的所有重大決策帶來局外的觀點。為協助其履行職責，董事可隨時與本公司之內部審計師及外聘核數師直接接觸，而且本公司亦已訂立有關程序，讓董事尋求獨立的專業意見，相關費用將由本公司支付。

基於董事會的整體組合及每位董事之獨特專業知識、技能和經驗，本集團相信董事會架構能提供適當及足夠之監察及制衡，以保障本公司和股東的利益。董事會將定期檢討其組合，確保其於專業知識、技能及經驗方面維持適當的平衡及多元化，以繼續有效地指導及監管本公司之業務。本公司董事之個人資料詳情載於本年報第36頁至第42頁。

按照良好的企業管治原則，董事會設立了三個董事委員會，即審核委員會、提名委員會及薪酬委員會。此外，本公司更成立了管理委員會及風險管理委員會，為董事會及董事委員會提供支援。於2016年度內及截至本報告日期止，董事會、審核委員會、提名委員會及薪酬委員會之組成載於下文，而管理委員會及風險管理委員會於本報告的相關部份有進一步之描述。

Composition

As at the date of this report, the Board is composed of four Independent Non-executive Directors, two Non-executive Directors and three Executive Directors.

The Independent Non-executive Directors and the Non-executive Directors bring a diverse range of expertise, skills and experience to provide effective guidance and an outside perspective to all major decisions of the Group. To assist in the discharge of their duties, the Directors have free and direct access to both the Company's internal and external auditors and procedures are in place to allow the Directors to obtain independent professional advice at the Company's expense.

Given the overall composition of the Board and the expertise, skills and experience that each Director brings individually, the Group believes that the Board is appropriately structured to provide sufficient checks and balances to protect the interests of the Company and its shareholders. The Board will regularly review its composition to maintain a proper balance and diversity of expertise, skills and experience to ensure continued effective leadership and oversight of the Company's businesses. Biographical details of the Directors are set out on pages 36 to 42 of this annual report.

In accordance with good corporate governance principles, the Board had established three Board Committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. In addition, a Management Committee and a Risk Management Committee are also in place to support the Board and the Board Committees. During the year of 2016 and as at the date of this report, the composition of the Board, the Audit Committee, the Nomination Committee and the Remuneration Committee is set out below. The Management Committee and Risk Management Committee are discussed in the relevant sections in this report.

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董事會成員	Members of the Board	審核委員會 Audit Committee	提名委員會 Nomination Committee	薪酬委員會 Remuneration Committee
執行董事	Executive Directors			
劉國權博士 (主席及行政總裁)	Dr. LAU Kwok Kuen, Peter (Chairman and Chief Executive)	-	C	M
陳嘉緯博士	Dr. CHAN Ka Wai	-	-	-
羅學文先生 ¹	Mr. Mark Alan LOYND ¹	-	-	-
Ishwar Bhagwandas CHUGANI先生 ²	Mr. Ishwar Bhagwandas CHUGANI ²	-	-	-
文道明先生 ³	Mr. Dominic Leo Richard IRWIN ³	-	-	-
非執行董事	Non-executive Directors			
鄭志剛博士 JP	Dr. CHENG Chi Kong, Adrian JP	-	-	-
陳世昌先生	Mr. CHAN Sai Cheong	-	-	-
獨立非執行董事	Independent Non-executive Directors			
畢滌凡博士	Dr. Barry John BUTTIFANT	C	M	M
鄭其志先生 GBS JP	Mr. KWONG Ki Chi GBS JP	M	-	-
Simon Devilliers RUDOLPH先生	Mr. Simon Devilliers RUDOLPH	M	M	C
黃旭教授	Professor WONG Yuk (alias, HUANG Xu)	M	M	M

附註:

C 有關董事委員會的主席
M 有關董事委員會的成員

¹ 於2017年3月9日獲委任
² 於2017年3月9日辭任
³ 於2016年3月3日辭任

Notes:

C Chairman of the relevant Board Committees
M Member of the relevant Board Committees

¹ Appointed on March 9, 2017
² Resigned on March 9, 2017
³ Resigned on March 3, 2016

各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係，惟鄭其志先生在進智公共交通控股有限公司董事會中同時擔任獨立非執行董事；而鄭志剛博士在新世界集團及其附屬公司董事會中同時擔任執行董事及在周大福珠寶集團有限公司董事會中同時擔任執行董事；及陳世昌先生在周大福珠寶集團有限公司董事會中同時擔任執行董事。

董事會認為，上述關係並不影響該等董事於執行其職務時之獨立判斷及個人誠信。

董事及高級人員責任保險

本公司亦已購買合適之董事及高級人員責任保險，此舉符合企業管治守則。

The Board members have no financial, business, family or other material or relevant relationships with each other except that Mr. KWONG Ki Chi serves on the board of AMS Public Transport Holdings Limited as independent non-executive director; while Dr. CHENG Chi Kong, Adrian serves on the board of New World Group and subsidiaries as executive director and serves on the board of Chow Tai Fook Jewellery Group Limited as executive director; and Mr. CHAN Sai Cheong serves on the board of Chow Tai Fook Jewellery Group Limited as executive director.

It is the Board's opinion that this relationship does not affect the Directors' independent judgment and integrity in executing their roles and responsibilities.

Directors' and officers' liabilities insurance

The Company has obtained appropriate directors' and officers' liabilities insurance in line with the CG Code.

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獨立非執行董事

董事會成員包括四位是獨立非執行董事，已符合上市規則所要求的最少有三分之一董事會成員為獨立非執行董事，而其中最少一位獨立非執行董事須具備合適的專業資格或會計或相關的財務管理專業知識。

根據上市規則第3.13條，各獨立非執行董事已向本公司書面確認其獨立性。因此，本公司認為所有獨立非執行董事符合獨立資格。

截至本報告日期為止，概無獨立非執行董事及非執行董事擁有本公司之股份。

董事培訓

本公司鼓勵董事參與持續專業發展以發展並更新彼等之知識及技能。本公司向每名新委任的董事提供全面的就任資料文件，涵蓋香港上市公司董事之職責及法律責任概要、本公司之憲章文件以及香港公司註冊處發出的董事責任指引，確保該董事充份知悉其於上市規則及其他監管規定下的職責及責任。

公司秘書不時向董事匯報上市規則、企業管治常規以及其他監管制度之最新變動及發展，並提供相關書面資料，亦安排講座講解有關董事職務及職責之專業知識及監管規定的最新發展。

Independent Non-executive Directors

Independent Non-executive Directors comprise four members of the Board, as required under Listing Rules for the minimum of one-third with at least one independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Pursuant to Rule 3.13 of the Listing Rules, each of the Independent Non-executive Directors has confirmed with the Company in writing his independence from the Company. The Company therefore considers all of the Independent Non-executive Directors to be independent.

None of the Independent Non-executive Directors and Non-Executive Directors owned any shares of the Company up to the date of this report.

Trainings for Directors

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company provides a comprehensive induction package covering the summary of the responsibilities and liabilities of a director of the listed company, the constitutional documents and the Guides on Directors' Duties issued by the Companies Registry to each newly appointed Director to ensure that he is sufficiently aware of his responsibilities and obligations as Director.

The Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, as well as organizes seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

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於2016年度內，所有董事參與下列培訓類型：

During the year of 2016, all Directors participated in the following trainings:

董事會成員	Members of the Board	培訓類型 Types of Training
執行董事		
劉國權博士 (主席及行政總裁)	Dr. LAU Kwok Kuen, Peter (Chairman and Chief Executive)	A · B · C
陳嘉緯博士	Dr. CHAN Ka Wai	A · B · C
Ishwar Bhagwandas CHUGANI先生	Mr. Ishwar Bhagwandas CHUGANI	A · B · C
文道明先生*	Mr. Dominic Leo Richard IRWIN*	不適用 N/A
非執行董事		
鄭志剛博士 JP	Dr. CHENG Chi Kong, Adrian JP	A · B · C
陳世昌先生	Mr. CHAN Sai Cheong	A · B · C
獨立非執行董事		
畢滌凡博士	Dr. Barry John BUTTIFANT	A · C
鄭其志先生 GBS JP	Mr. KWONG Ki Chi GBS JP	A · C
Simon Devilliers RUDOLPH先生	Mr. Simon Devilliers RUDOLPH	A · C
黃旭教授	Professor WONG Yuk (alias, HUANG Xu)	A · B · C

A: 參加研討會及/或會議及/或論壇
attending seminars and/or conferences and/or forums

B: 在研討會及/或會議及/或論壇上演講
giving talks at seminars and/or conferences and/or forums

C: 閱讀與經濟、一般業務、董事之培訓及責任等有關之報章、雜誌及更新資料
reading newspapers, journals and updates relating to the economy, general business, director's training and responsibilities etc.

* 於2016年3月3日辭任

* Resigned on March 3, 2016

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董事之出席率及所付出時間

董事會每年定期召開四次會議，亦會在有需要時召開更多會議。董事會的定期會議舉行日期會預先訂定，致使全體董事會成員能安排出席。公司秘書協助主席擬訂董事會會議議程，而每位董事均獲邀提出任何擬在會議中討論和動議的事項。此外，全體董事可與公司秘書接觸，要求公司秘書提供意見和服務，以確保董事會的程序和適用的法律、規則和規例得以遵守。董事會會議文件在會議舉行前不少於三天送予所有董事及其他列席人士，以確保彼等可及時地獲得一切有關會議之資料。會議紀錄之初稿及最終定稿亦會發送予全體董事供彼等提供意見。根據本公司的公司細則（公司細則J），若任何董事未能親身出席任何董事會會議，則可藉著電話會議或其他安排，參與董事會會議。另按照公司細則，若未能召開董事會會議，則可藉著傳閱有關緊急事宜之書面決議案而取得董事會批准。當傳閱書面決議案之同時，本公司亦會向董事提供足夠的資料和說明材料。

董事會於截至2016年12月31日止之年度，舉行了四次全體董事會會議。會議上，董事會檢討了季度業績表現和商討了本集團之未來發展策略以及其他事務。此外，董事會通過了一套書面決議案。

Directors' attendance and time commitment

The Board holds four regular meetings a year and additional meetings as and when required. Regular Board meetings are scheduled in advance to facilitate the fullest possible attendance. The Company Secretary assists the Chairman in setting the agenda of the Board meetings and each Director is invited to present any businesses that he wishes to discuss or propose at such meetings. Furthermore, all Directors have access to the Company Secretary for advice and services to ensure that board procedures and applicable law, rules and regulations are adhered to. Board papers are circulated to all Directors and other attendees not less than three days before the Board meetings to ensure timely access to relevant information. Draft and final versions of the minutes are circulated to all Directors for comments. Any Director who is unable to physically attend any Board meeting may participate electronically by conference call or via alternate arrangement in accordance with the Company's Bye-Laws ("Bye-Laws"). Moreover, pursuant to the Bye-Laws, Board approval may also be obtained by way of circulation of a resolution in writing on urgent matters when convening a Board meeting is not practicable. Sufficient information and explanatory materials will be provided to the Directors at the same time when a resolution in writing is circulated.

During the year ended December 31, 2016, four full Board meetings were held to review the quarterly performance results and discuss the Group's strategy going forward, as well as other business. In addition, one set of resolutions in writing were passed.

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各董事於截至2016年12月31日止之年度的董事會、審核委員會、提名委員會、薪酬委員會會議及本公司股東週年大會(「股東週年大會」)之出席率如下：

Attendances of each Directors at the meetings of the Board, Audit Committee, Nomination Committee, Remuneration Committee and annual general meeting of the Company (“AGM”) during the year ended December 31, 2016 are as follows:

董事姓名	Name of Directors	出席率/會議次數				
		董事會 會議	審核委員會 會議	提名委員會 會議	薪酬委員會 會議	股東 週年大會
		Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	AGM
執行董事		Executive Directors				
劉國權博士 (主席及行政總裁)	Dr. LAU Kwok Kuen, Peter (Chairman and Chief Executive)	4/4	不適用 N/A	1/1	1/1	1/1
陳嘉緯博士	Dr. CHAN Ka Wai	4/4	不適用 N/A	不適用 N/A	不適用 N/A	1/1
Ishwar Bhagwandas CHUGANI先生	Mr. Ishwar Bhagwandas CHUGANI	4/4	不適用 N/A	不適用 N/A	不適用 N/A	0/1
文道明先生*	Mr. Dominic Leo Richard IRWIN*	1/1	不適用 N/A	不適用 N/A	不適用 N/A	不適用 N/A
非執行董事		Non-executive Directors				
鄭志剛博士 JP	Dr. CHENG Chi Kong, Adrian JP	4/4	不適用 N/A	不適用 N/A	不適用 N/A	0/1
陳世昌先生	Mr. CHAN Sai Cheong	4/4	不適用 N/A	不適用 N/A	不適用 N/A	1/1
獨立非執行董事		Independent Non-executive Directors				
畢滌凡博士	Dr. Barry John BUTTIFANT	4/4	2/2	1/1	1/1	1/1
鄭其志先生 GBS JP	Mr. KWONG Ki Chi GBS JP	4/4	1/2	不適用 N/A	不適用 N/A	1/1
Simon Devilliers RUDOLPH先生	Mr. Simon Devilliers RUDOLPH	4/4	2/2	1/1	1/1	1/1
黃旭教授	Professor WONG Yuk (alias, HUANG Xu)	4/4	1/2	1/1	1/1	1/1
會議總數	Total number of meetings	4	2	1	1	1

為了促進坦誠及公開討論事務之氣氛，獨立非執行董事可不時在沒有執行董事出席下會面討論。

In order to facilitate free and open discussion of issues, the Independent Non-executive Directors may also meet without the presence of the Executive Directors from time to time.

* 於2016年3月3日辭任

* Resigned on March 3, 2016

董事之委任、重選及罷免

守則條文第A.4.2條規定，每位董事(包括有指定任期之董事)應輪值告退，至少每三年一次。

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTOR

Code Provision A.4.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

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根據公司細則，任何由董事會委任之新董事（主席或董事總經理除外）須於其獲委任後本公司舉行之下一次股東大會上（如屬填補臨時空缺）或本公司下一次股東週年大會上（如屬增加董事人數）退任及由股東重選。於每屆之股東週年大會上，三分之一（或最接近但不超過三分之一）之董事（主席或董事總經理除外）須輪值告退，惟每位董事（主席或董事總經理除外）須最少每三年輪值告退一次。

公司細則亦准許以一項普通決議案罷免董事。

現時，所有獨立非執行董事及非執行董事的指定任期為三年，彼等須根據公司細則輪值告退及重選，而主席或董事總經理則毋須輪值告退。

董事會認為，穩定性和持續性是成功實施業務計劃的關鍵因素。董事會相信，主席的角色具連續性是對本集團有利。因此，董事會認為目前主席獲豁免遵守這項安排。

守則條文第A.4.3條規定，倘獨立非執行董事在任已超過9年，其續任須由股東以獨立決議案批准。

鄺其志先生自2004年4月26日起擔任本公司獨立非執行董事已逾9年。根據公司細則，鄺先生於2015年股東週年大會上輪值告退，並於2015年股東週年大會上重選連任。於2015年股東週年大會上已通過一項普通決議案以批准委任鄺其志先生為本公司獨立非執行董事。鄺先生將在應屆股東週年大會上輪值告退並願膺選連任以符合守則條文第A.4.3條。

董事會認為儘管鄺其志先生的服務任期長，彼仍屬獨立，並相信彼豐富的知識及經驗將繼續為本公司及股東整體作出寶貴的貢獻。

According to the Bye-Laws, any new Director (other than the Chairman or the Managing Director) appointed by the Board is subject to retirement and re-election by shareholders at the next general meeting of the Company (in the case of filling a casual vacancy) or at the next AGM of the Company (in the case of an addition to their number) following his appointment. At each AGM, one-third (or the number nearest to but not exceeding one-third) of the Directors (other than the Chairman or the Managing Director) will retire from office by rotation, and every Director (other than the Chairman or the Managing Director) is subject to retirement by rotation at least once every three years.

The Bye-Laws also allow for removal of a Director by an ordinary resolution.

Currently, all Independent Non-executive Directors and Non-executive Directors are appointed for a specific term of three years and subject to retirement by rotation and re-election pursuant to the Bye-Laws, whereas the Chairman or the Managing Director are not subject to retirement by rotation.

In the opinion of the Board, stability and continuation are key factors to the successful implementation of business plans. The Board believes that it is beneficial to the Group that there is continuity in the role of the Chairman and, therefore, the Board is of the view that the Chairman should be exempt from this arrangement at the present time.

Code Provision A.4.3 provides if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by the shareholders.

Mr. KWONG Ki Chi has served as an Independent Non-executive Director for more than nine years since April 26, 2004. In accordance with the Bye-Laws, Mr. KWONG retired from office by rotation at the 2015 AGM and offered himself for re-election at the 2015 AGM. An ordinary resolution was passed at the 2015 AGM to approve the appointment of Mr. KWONG Ki Chi as an Independent Non-executive Director. Mr. KWONG will retire from office by rotation at the forthcoming AGM and offer himself for re-election in order to comply with Code Provision A.4.3.

The Board is of the opinion that Mr. KWONG Ki Chi remains independent notwithstanding the length of his service and believes that his extensive knowledge and experience will continue to generate valuable contribution to the Company and the shareholders as a whole.

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於應屆股東週年大會，鄭志剛博士、陳世昌先生及鄭其志先生將根據公司細則第98條規定輪值告退。

鄭志剛博士、陳世昌先生及鄭其志先生符合資格並願意於應屆股東週年大會上膺選連任。除前述者外，本公司其他董事均將繼續留任。

主席及行政總裁

現時劉國權博士同時出任主席及行政總裁之職位。此做法偏離守則條文第A.2.1條，該條文列明主席與行政總裁之角色應有所區分，並不應由一人同時兼任。

由於劉博士在業界具有豐富業經驗及對本集團業務有深厚認識，董事會認為由劉博士同時兼任主席及行政總裁之職位能為本集團提供強勢及貫徹之領導，並能更有效地策劃和推行長期商業策略，以及提高決策的效率。

董事會亦相信本公司已擁有配合公司實際情況的堅實企業管治架構，確保能有效地監管本公司之管理層。該架構的主要內容包括：

- 董事會之成員有五分之三為非執行董事；
- 審核委員會包括全體四位獨立非執行董事；
- 確保全體獨立非執行董事可隨時與本公司之內部審計師及外聘核數師接觸，並在有需要時尋求獨立專業意見；及
- 設立「密函檢舉」機制，允許本集團員工以匿名和保密形式向內部審計部主管舉報高級管理人員（包括主席及行政總裁）的欺詐或不當的行為。有關「密函檢舉」機制之詳情載於「風險管理及內部監控」一節。

At the forthcoming AGM, Dr. CHENG Chi Kong, Adrian, Mr. CHAN Sai Cheong and Mr. KWONG Ki Chi shall retire by rotation in accordance with Bye-Law 98 of the Bye-Laws.

Dr. CHENG Chi Kong, Adrian, Mr. CHAN Sai Cheong, and Mr. KWONG Ki Chi, being eligible, will offer themselves for re-election at the forthcoming AGM. Save for the aforesaid, the other Directors will continue in office.

CHAIRMAN AND CHIEF EXECUTIVE

Currently Dr. LAU Kwok Kuen, Peter, holds the positions of Chairman and Chief Executive. Such practice deviates from Code Provision A.2.1 which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

In view of Dr. LAU's extensive experience in the industry and deep understanding of the Group's businesses, the Board believes that vesting the roles of both Chairman and Chief Executive in Dr. LAU provides the Group with strong and consistent leadership, allows for more effective planning and execution of long term business strategies and enhances efficiency in decision-making.

The Board also believes that the Company already has a strong corporate governance structure appropriate for its circumstances in place to ensure effective oversight of management. The main elements of this structure include:

- Having Non-executive Directors comprise three of five of the Board;
- Including all for Independent Non-executive Directors as Audit Committee members;
- Ensuring that all Independent Non-executive Directors have free and direct access to both the Company's internal and external auditors and independent professional advice where necessary; and
- Having a "whistle-blowing" mechanism in place to allow the Group's staff members to anonymously and confidentially report to the Head of Internal Audit any suspected acts of fraud or gross misconduct by senior management, including that of the Chairman and Chief Executive. Details about the "whistle-blowing" mechanism are discussed under the section "Risk Management and Internal Control".

企業管治報告書

CORPORATE GOVERNANCE REPORT

董事會相信，上述措施能確保獨立非執行董事及非執行董事有效地督導本集團之管理層和就策略、風險和誠信等範疇提供有效的監管。董事會將不斷檢討本集團企業管治架構之成效，以評估是否需要作出任何修改。

董事委員會

審核委員會

審核委員會由全體四位獨立非執行董事組成，並由畢滌凡博士出任主席，彼為一位在處理財務匯報及監控方面具資深經驗的合資格會計師。

審核委員會主要負責委任、重新委任及罷免外聘核數師、審閱及監控外聘核數師之獨立客觀及審核程序之有效性，以及與外聘核數師討論審核之性質及範疇。該委員會同時負責審閱本集團之財務資料、監察本集團之財務匯報系統、風險管理及內部監控系統，並在評核本集團中期及全年業績後，才向董事會作出建議是否同意採納有關業績。審核委員會可不受限制地與本公司之內部審計師及外聘核數師接觸。審核委員會之職權範圍已載於本公司及香港交易及結算所有限公司（「香港交易所」）之網站。

審核委員會每年最少舉行兩次會議，以審閱財務匯報、檢討風險管理及內部監控事宜。集團財務主管、風險管理委員會主席、內部審計主管、公司秘書及本公司外聘核數師之代表應出席審核委員會之會議。委員會亦可酌情邀請其他管理層成員出席會議。

於2016年，審核委員會舉行了兩次會議。於會上與外聘核數師審閱審核策略摘要、截至2015年12月31日止全年業績和截至2016年6月30日止六個月中期業績。審核委員會亦有檢討本集團內部審計部門的工作及其內部審計報告，並且與管理層商討其報告關於集團業務運作的調查結果及建議。此外，審核委員會更與管理層評估本集團的風險管理及內部監控系統，以確保其成效，尤其關注負責本集團的會計及財務報告之員工是否具備足夠資源、資格和經驗，及其訓練課程和預算是否充足。

The Board believes that these measures enable our Independent Non-executive Directors and Non-executive Directors to rigorously supervise the Group's management and effectively control key issues relating to strategy, risk and integrity. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes are necessary.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises all four Independent Non-executive Directors and is chaired by Dr. Barry John BUTTIFANT, a qualified accountant with extensive experience in financial reporting and controls.

The Audit Committee is responsible for the appointment, re-appointment and removal of external auditors, reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process and discussing with the external auditor the nature and scope of the audit. It is also responsible for reviewing the Group's financial information, overseeing the Group's financial reporting system and risk management and internal control systems and reviewing the interim and final results of the Group prior to recommending them to the Board for approval. To this end, the Audit Committee has unrestricted access to both the Company's internal and external auditors. Its terms of reference are available on the websites of the Company and Hong Kong Exchange and Clearing Limited ("HKEx").

The Audit Committee meets at least twice a year to review financial reporting and risk management and internal control matters. The Head of Group Finance, the Chairman of the Risk Management Committee, the Head of Internal Audit, the Company Secretary and representatives of the external auditor of the Company are expected to attend the meetings. At the discretion of the Committee, other members of management may also be invited to attend its meetings.

In 2016, the Audit Committee held two meetings. During the meetings, the Audit Committee reviewed with the external auditors the audit strategy summary, the final results for the year ended December 31, 2015 and the interim results for the six months ended June 30, 2016. The Audit Committee also reviewed the activities of the Group's Internal Audit Department and its internal audit report, and discussed with management the report's findings and recommendations on the Group's business operations. Besides, it also evaluated with management the Group's risk management and internal control systems to ensure its effectiveness, with particular attention to the adequacy of resources, the qualifications and experience of the Group's accounting and financial reporting staff, as well as their training programs and budget.

審核委員會亦審閱本集團於年度內進行的持續關連交易的條款及條件。

提名委員會

為符合企業管治守則的規定，於2012年3月21日董事會成立提名委員會，由三位獨立非執行董事及主席組成，並由劉國權博士出任主席。

提名委員會之主要職責為定期審閱董事會架構、規模及組成(包括其技能、知識及經驗)，並物色合適人選加入董事會。其職責亦包括評核獨立非執行董事之獨立性及就委任或重新委任董事及董事之繼任計劃等相關事宜向董事會提供建議。提名委員會之建議其後將提呈董事會考慮及採納(如適用)。提名委員會的職權範圍已載於本公司及香港交易所之網站。

董事會於2013年採納《董事會成員多元化政策》，該政策載列達致董事會成員多元化的方法。

本公司知悉董事會層面日益多元化將為達成本公司策略目標及可持續發展提供支持。

本公司藉考慮多項因素，包括但不限於技能、地域及行業經驗、教育背景、種族、性別及其他資格，務求達致董事會成員多元化。本公司決定董事會最佳成員組合時，亦將不時考慮其本身業務模式及具體需要。

提名委員會將按一系列多元化範疇為基準，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識、服務任期及其他素質。最終將按人選的長處及可為董事會提供的貢獻而作決定。

The Audit Committee also reviewed the terms and conditions of continuing connected transactions of the Group which took place during the year.

Nomination Committee

In compliance with the requirements of the CG Code, on March 21, 2012, the Board established the Nomination Committee comprising of three Independent Non-executive Directors and the Chairman, and chaired by Dr. LAU Kwok Kuen, Peter.

The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge, experience) of the Board, on a regular basis, and to identify individuals qualified to become Board members. It is also responsible for assessing the independence of Independent Non-executive Directors and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors. The recommendations of the Nomination Committee are then put forward for consideration and adoption, where appropriate, by the Board. Its terms of reference are available on the websites of the Company and the HKEx.

The Board has also adopted a board diversity policy in 2013 which sets out the approach to achieve diversity on the Board.

The Company recognizes that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to skills, regional and industry experiences, educational background, race, gender, and other qualification. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Nomination Committee has set measurable objectives based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of services and other qualities. The ultimate decision will be based on merit and contribution that the selected candidate(s) will bring to the Board.

企業管治報告書

CORPORATE GOVERNANCE REPORT

於2016年，提名委員會舉行了一次會議，檢討董事會的人數、組成、架構及多元化，並評估董事會技能的均衡和經驗；及觀點多元化以適合及有利於本集團的業務要求，以及檢討獨立非執行董事的獨立性。

薪酬委員會

薪酬委員會由三位獨立非執行董事及主席組成，並由Simon Deveilliers RUDOLPH先生出任主席。

本公司採納企業管治守則所建議之兩種模式其中之一所載之守則條文第B.1.2(c)(i)條。薪酬委員會負責檢討及決定董事及高級管理人員之酬金、補償及福利。當審閱個別董事之薪酬福利時，相關董事為免涉及任何利益衝突須放棄表決。薪酬委員會的職權範圍已載於本公司及香港交易所之網站。

於2016年，薪酬委員會舉行了一次會議，檢討主席及行政總裁之酬金及花紅、確認2015年給予主席及行政總裁的保證花紅，以及追認和批准支付予董事和高級管理人員的2015年花紅。主席及行政總裁於是次會議放棄表決，以免涉及任何利益衝突。

管理委員會

董事會已授權管理委員會負責執行其商業策略及管理本集團之日常商業運作。管理委員會對董事會全面負責，由主席及行政總裁及執行董事、連同集團合規主管、集團財務主管及一名高級管理層代表組成。

In 2016, the Nomination Committee held a meeting to review the size, composition and structure and diversity of the Board, and assessed the balance of skills and experience of the Board as expedient with diversity of perspectives appropriate to the requirements of the business of the Group and reviewed the independence of the Independent Non-executive Directors.

Remuneration Committee

The Remuneration Committee is composed of three Independent Non-executive Directors and the Chairman, and chaired by Mr. Simon Deveilliers RUDOLPH.

The Company adopted Code Provision B.1.2(c)(i) out of the two models suggested by the CG Code. The Remuneration Committee is responsible for reviewing and determining the remuneration, compensation and benefits of Directors and senior management. When the remuneration package of an individual Director is under review, the Director in question is required to abstain from voting to avoid any conflict of interest. The terms of reference of the Remuneration Committee are available on the websites of the Company and the HKEx.

In 2016, the Remuneration Committee held a meeting to review the remuneration and bonus of the Chairman and Chief Executive, confirmed the 2015 guaranteed bonus to the Chairman and Chief Executive and ratified and approved the 2015 bonus payments to Directors and senior management. The Chairman and Chief Executive abstained from voting to avoid any conflict of interests at the said meeting.

Management Committee

The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to a Management Committee. The Management Committee is fully accountable to the Board and comprises the Chairman and Chief Executive and the Executive Directors together with the Head of Group Compliance, the Head of Group Finance and one senior management representative.

企業管治職能

董事會確認，企業管治應屬董事之共同責任，且彼等之企業管治職能包括：

- 制定、檢討及更新本公司之企業管治政策及常規；
- 檢討及監察董事及高級管理人員之培訓及持續專業發展；
- 檢討及監察本公司在遵守法律及監管規定方面之政策及常規；
- 制定、檢討及監察適用於僱員及董事之操守準則及合規手冊（如有）；
- 檢討本公司遵守企業管治守則之情況及本報告內之披露；及
- 制定、檢討及監察股東通訊政策的有效推行及向董事會提出有助鞏固本公司與股東之關係之建議。

於年度內，董事會已檢討本公司的風險管理及內部監控系統之有效性。

薪酬政策

本公司明白，合理而全面的薪酬組合是吸引、留用以及激勵高質素人才的重要因素。因此，本公司致力確保薪酬具競爭力，並且符合本公司之目標和表現。本公司於釐定薪酬政策時考慮多項相關因素，包括同類型公司所支付之薪金、職責、職務和職權、本集團之聘用條件、市場慣例，以及本公司的財務和非財務表現。

薪酬委員會負責檢討並決定董事之薪酬。為確保獨立非執行董事及非執行董事可以就其為本公司付出的時間及承擔的責任獲得合理的報酬，薪酬委員會會考慮多方面因素，包括同類型公司所支付的袍金、有關董事所付出的時間、肩負的職責、預計的工作量，以及本公司的其他聘用條件，以釐定非執行董事之薪酬。

CORPORATE GOVERNANCE FUNCTIONS

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

- To develop, review and update the Company's policies and practices on corporate governance;
- To review and monitor the training and continuous professional development of Directors and senior management;
- To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
- To review the Company's compliance with the CG Code and disclosure in this report; and
- To develop, review and monitor the implementation of the shareholders' communication policy to ensure its effectiveness, and make recommendation to the Board where appropriate to enhance shareholders' relationship with the Company.

During the year, the Board has reviewed the effectiveness of the risk management and internal control systems of the Company.

REMUNERATION POLICY

The Company understands that a reasonable and comprehensive remuneration package is an important factor in attracting, retaining and motivating high quality personnel. As such, the Company works to ensure that remuneration is competitive and aligned with the Company's objectives and performance. The Company takes into consideration a number of relevant factors in determining its remuneration policy, including the salaries paid by comparable companies, job responsibilities, duties and scope, employment conditions in the Group, market practices and the financial and non-financial performance of the Company.

The Remuneration Committee is responsible for reviewing and determining the remuneration of the Directors. In doing so, the Committee considers factors such as the fees paid by comparable companies, time commitment, the responsibilities and likely workload of the relevant Directors and other employment conditions in the Company to ensure that the Independent Non-executive Directors and the Non-executive Directors are appropriately paid for their time and responsibilities to the Company.

企業管治報告書

CORPORATE GOVERNANCE REPORT

本公司為包括主席及行政總裁以及執行董事在內之僱員訂出的薪酬組合，包括固定薪酬、現金績效花紅、浮動獎金、長期獎勵金以及退休計劃，詳情載於下文

固定薪酬包括僱員的基本薪金、津貼及福利(例如醫療福利)。不同職位的基本薪金和津貼是考慮到本公司之薪酬政策、本公司業績和僱員的個人表現，以及市場情況和慣例後而訂出的，並將會每年作出檢討。本公司會定期檢討福利，主要按照當地標準及慣例而釐定。

僱員亦會因應本集團、所屬業務單位及個人幾項層面的表現而獲得該年度現金花紅。發放給主席及行政總裁、執行董事以及高級管理層成員的花紅，則由薪酬委員會每年檢討。於2016年，現金績效花紅佔主席及行政總裁以及執行董事之總薪酬的65.6%。詳情請參閱財務報表附註10(a)。此外，本公司設有銷售及業務相關獎勵計劃，藉此激勵某些工種的員工，例如前線銷售人員，以達致本公司訂出的銷售或其他業務目標。

本公司亦設有購股權計劃以提供長期的獎勵，從而酬謝和挽留精銳的管理團隊。該計劃詳情以及執行董事和僱員截至2016年12月31日已行使及未行使之購股權的資料，載於本年報「購股權資料」一節中

本公司根據強制性公積金計劃條例參與一項強積金計劃，該計劃已在強制性公積金計劃管理局登記。

本公司董事及高級管理人員酬金之詳情已載列於本年報第124頁至第126頁之財務報表附註10內。

The Company's remuneration structure for its employees, including the Chairman and Chief Executive and the Executive Directors, is composed of fixed compensation, cash performance bonuses, variable cash incentives, long-term incentives, and retirement schemes as discussed below.

Fixed compensation includes an employee's basic salary, allowances and benefits (e.g. medical). Basic salary and allowances are set and reviewed annually for each position, taking into consideration the Company's remuneration policy, the Company's and the individual's performance as well as market conditions and practices. Benefits are regularly reviewed and determined largely on the basis of local standards and practices.

Employees are also eligible to receive an annual cash bonus based on their performance at the Group, business unit and individual levels. The bonuses awarded to the Chairman and Chief Executive, the Executive Directors and members of senior management are reviewed annually by the Remuneration Committee. In 2016, the cash performance bonus component accounted for 65.6% of the total remuneration of the Chairman and Chief Executive and the Executive Directors. Please refer to Note 10(a) to the financial statements for details. In addition, the Company operates sales and business-related incentive schemes to motivate certain staff such as front-line sales associates to achieve specific sales or other business targets of the Company.

The Company also operates share option schemes to provide long-term incentives to reward and retain a high calibre management team. The details of the schemes, together with information on options exercised and outstanding in respect of the Executive Directors and employees as at December 31, 2016 under the schemes, are set out in the section of Share Option Information of this annual report.

Pursuant to the Mandatory Provident Fund Schemes Ordinance, the Company participates in an MPF scheme registered with the Mandatory Provident Fund Schemes Authority.

Details of Directors' and senior management's emoluments of the Company are set out in Note 10 to the financial statements on pages 124 to 126 of this annual report.

風險管理及內部監控

董事會全面負責本集團之風險管理及內部監控(特別是財務、營運及守法監控及風險管理功能)，並藉此持續監察其成效。本公司已實行和制訂合適政策及程序，以保障資產不會於未獲授權下使用或處置；控制資本開支；備存妥善而準確之會計紀錄和提高財務報告之可靠性；以及確保營運效益及成效，並遵守適用之法律和法規。此等政策和程序旨在針對重大的失實報告、損失、錯誤或欺詐行為，以提供合理但並非絕對之保證，以及管理及減低而非完全消除本集團營運系統之失誤風險。

本集團之風險管理及內部監控制度由以下主要部份組成：

- 具界定責任、適當職責劃分及授權的組織及管治架構；
- 財務監控、風險管理及內部監控及等制度及程序，以識別及衡量風險，以及每半年進行風險評估以監察風險減輕之進展；
- 營運及財務預算及預測制度，以衡量績效，包括定期分析偏離預算及計劃的情況、訂定業績指標、並作出合適行動以修正不足之處；
- 嚴謹的政策及程序以評核、檢討及審批重大的合約、主要資本及經常性開支；
- 設立「密函檢舉」機制，允許本集團員工以匿名形式向內部審計主管舉報高級管理人員，(包括主席及行政總裁)的欺詐或不當行為。內部審計主管會將該等密函轉交予審核委員會主席，以作進一步行動；及
- 嚴謹的內部程序和監控措施以處理及發布內幕消息。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Group's risk management and internal controls, particularly in respect of financial, operational and compliance controls and risk management functions, and as such monitors the effectiveness on an ongoing basis. Appropriate policies and procedures have been put in place to safeguard the assets against unauthorized use or disposition; control over capital expenditure; maintain proper and accurate accounting records and enhance the reliability of financial reporting; and to ensure efficiency and effectiveness of operations and compliance with the applicable laws and regulations. Such policies and procedures are designed to provide reasonable, but not absolute, assurance against material misstatement, loss, error or fraud, and to manage and minimize rather than eliminate the risk of failure in the Group's operational systems.

The Group's risk management and internal control framework includes the following major components:

- An organizational and governance structure with defined responsibility, proper segregation of duties and delegated authority;
- Systems and procedures of financial control, risk management and internal control to identify and measure risks and conduct bi-annual risk assessment to monitor the progress of risk mitigation;
- Operational and financial budgeting and forecasting systems for performance measurement, including regular variance analysis against budgets and plans, and setting key business performance targets with appropriate measures to rectify deficiencies;
- Stringent policies and procedures for the appraisal, review and approval of significant contracts, major capital and recurrent expenditures;
- A "whistle-blowing" mechanism to allow the Group's staff to anonymously report any suspected acts of fraud or gross misconduct by senior management, including that of the Chairman and Chief Executive, to the Head of Internal Audit who will refer the report to the Chairman of the Audit Committee for further action; and
- Strict internal procedures and controls for the handling and dissemination of inside information.

企業管治報告書

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董事會已授權風險管理委員會負責本集團之風險管理及內部監控制度及檢討其效能。風險管理委員會有四位成員，包括集團合規主管、集團財務主管、內部審計主管以及一名高級管理層代表。該委員會根據企業管治守則中有關風險管理及內部監控的守則條文檢討所有重要的監控，並每年向董事會作出兩次匯報。風險管理委員會在管理及監視風險管理及內部控制的系統向董事會全面負責提供保證。該委員會已評估並滿意本集團的會計及財務報告職能之資源充足度、有關僱員之資格及經驗，以及彼等之培訓計劃和年度預算，並就本集團營運風險管理及內部監控制度向董事會匯報所有重要範疇均為充足及恰當，並且持續地有效運作。

透過與風險管理委員會緊密合作，內部審計部於監管本集團的風險管理內部監控事宜上扮演著重要角色。

內部審計部之主要工作包括：

- 不受限制地檢討本集團主要活動、風險管理、監控及管治程序各個方面；
- 定期對業務及各支援單位及附屬公司進行獨立及全面之財務、營運及守法監控及風險管理功能，包括建議改善方法及監察各單位及附屬公司之糾正或補救措施，以盡量減低所承受之風險；
- 就管理層或審核委員會提出關注之範圍進行特別檢討；
- 調查商業道德、利益衝突及其他集團政策之違規情況；及
- 監督「密函檢舉」機制。

The Board has delegated the authority and responsibility for the Group's risk management and internal control system and the review of its effectiveness to a Risk Management Committee. The Risk Management Committee is composed of four members including the Head of Group Compliance, the Head of Group Finance, the Head of Internal Audit and one senior management representative. It reviews all material controls in accordance with the Code Provisions on risk management and internal control of the CG Code, and reports to the Board twice a year. The Risk Management Committee is fully accountable to the Board for providing assurance on managing and monitoring the systems of risk management and internal controls. The Committee evaluated and was satisfied with the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function as well as their training programmes and budget for the year, and reported to the Board that in all material respects the systems of risk management and internal control over risks associated with the Group's operations was sufficient, appropriate and operated effectively on a continuing basis.

Co-operating closely with the Risk Management Committee, the Internal Audit Department plays a major role in monitoring the risk management and internal controls of the Group.

The keys tasks of the Internal Audit Department include:

- Unrestricted access to review all aspects of the Group's key activities, risk management, control and governance processes;
- Conduct independent, comprehensive and regular audits of financial, operational and compliance controls and risk management functions of business and support units and subsidiaries, including recommending improvements and monitoring corrective or remedial measures taken by the units and subsidiaries to minimize risk exposure;
- Conduct special reviews of areas of concern identified by management or the Audit Committee;
- Investigation of business ethics, conflict of interest and other Group policy violations; and
- Oversee the "whistle-blowing" mechanism.

內部審計部採取以風險法，實施審核委員會及管理層已批准之審計計劃，此乃以風險評估法為依據。內部審計部以內部審計報告形式向管理層提交獨立而客觀之評估及建議。內部審計主管每年兩次向審核委員會直接匯報主要調查結果、糾正措施及管理層回應。審核委員會可隨時直接接觸內部審計主管，而毋須知會主席或管理層。

在2016年度內，內部審計部向管理層提交了審計報告，涵概了本集團重大業務流程和活動。其與管理層合作制定有關行動計劃，以解決任何認定的監控缺陷。而審計後進行的檢討，有助確保相關議定措施如期落實執行。

證券交易的標準守則

本公司已採納本身有關董事進行證券交易的行為守則（「進行證券交易的行為守則」）。這守則不遜於上市規則附錄十所載之上市發行人董事進行證券交易的標準守則（「標準守則」）所載之必守準則，並已不時更新。經向全體董事作出特定查詢後，全體董事均確認截至2016年12月31日止年度內已遵守標準守則及進行證券交易的行為守則所必守準則。

此外，本公司於2005年3月已採納了《相關員工進行證券交易的標準守則》，並於2009年及2013年更新該標準守則，以監管該些擁有及得悉內幕消息的員工之證券交易。該標準守則涵蓋之範疇包括禁止和進行本公司證券之買賣、避免利益衝突，以及對本公司的資料保密等。

Adopting a risk-based approach, the Internal Audit Department implements the audit plan approved by the Audit Committee and management, which is based on a risk assessment methodology. It furnishes independent and objective evaluations and recommendations in the form of an internal audit report to management. The Head of Internal Audit reports directly to the Audit Committee twice a year on major findings, corrective actions and responses from management. The Audit Committee has free and direct access to the Head of Internal Audit without reference to the Chairman or management.

During the year of 2016, the Internal Audit Department issued audit reports to management which covered significant business processes and activities of the Group. It worked with management to establish action plans to address any identified control weaknesses. Post-audit reviews were performed to ensure those agreed actions have been implemented as intended.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code of Conduct for Securities Transactions by Directors (the “Code of Conduct for Securities Transactions”). This is on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules, and has been updated from time to time. Having made specific enquiries to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct for Securities Transactions throughout the year ended December 31, 2016.

In addition, the Company adopted in March 2005 and updated in 2009 and 2013 a Code of Conduct for Securities Transactions by Specified Employees, which governs the securities transactions of those employees who may possess or have access to inside information. The said code covers areas such as prohibitions and conduct in the dealing of the Company’s securities, avoidance of conflict of interests and confidentiality of the Company’s information, etc.

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董事及核數師就財務報表所承擔之責任

董事負責監督每個財政期間財務報表的編製，以確保該報表能夠真實和公平地反映該期間本集團之財務狀況、財務表現與現金流量。本集團合併財務報表之編製均符合所有有關之法定要求及適用的會計準則。董事有責任確保選擇及連貫地應用合適之會計政策，並作出審慎和合理的判決及估計。

本公司主要外聘核數師羅兵咸永道會計師事務所就本集團合併財務報表作出之申報責任聲明載於本年報第74頁至第81頁之獨立核數師報告書內。

核數師之酬金

本集團之主要外聘核數師羅兵咸永道會計師事務所和其關連機構就其非審核及法定審核服務收取之費用列載如下：

(以百萬港元為單位)

非審核服務(包括稅務事宜、若干議定審核程序及其他申報服務)

法定審核

總數

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements for each financial period to ensure that they give a true and fair view of the financial position of the Group, its financial performance and cash flows for that period. The Group's consolidated financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently, and that where judgment has been applied and estimates made, they are prudent and reasonable.

The statement by the principal external auditor of the Group, PricewaterhouseCoopers, regarding their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 74 to 81 of this annual report.

AUDITOR'S REMUNERATION

The remuneration charged by the Group's principal external auditor PricewaterhouseCoopers and its affiliated firms for non-audit and statutory audit services is set out below:

(In HK\$ million)

Non-audit services (included tax-related matters, certain agreed-upon procedures work and other reporting services)

Statutory audit

Total

2016

2015

1

1

5

5

6

6

公司秘書

羅學文先生自2013年9月起擔任公司秘書。彼亦為本集團僱員。

全體董事可與公司秘書接觸，要求公司秘書提供意見和服務，以確保董事會的程序和適用的法律、規則和規例得以遵守。彼負責透過主席及行政總裁就管治事宜向董事會提供意見，並安排董事的就任須知及專業發展。

羅先生確認已於2016年內遵守上市規則第3.29條並已接受不少於15小時之相關專業培訓。

COMPANY SECRETARY

Mr. Mark Alan LOYND has been the Company Secretary since September 2013. He is also an employee of the Group.

All Directors have access to the Company Secretary for advice and services to ensure that board procedures and applicable law, rules and regulations are adhered to. He is responsible for advising the Board through the Chairman and Chief Executive on governance matters and facilitates induction and professional development of Directors.

Mr. LOYND confirmed that he has complied with Rule 3.29 of the Listing Rules and received not less than 15 hours of relevant professional training in 2016.

與投資者及股東之關係

贏取股東之信任一直是本公司在投資者關係上的重點工作。本集團之高級管理層透過公司專訪、電話會議、會議交流及參與大型投資者研討會，與投資界保持定期和公開的對話，以清晰地傳達本公司的業務策略、發展及前景。於2016年與機構投資者及研究分析員舉行之會議合計約60次。

本公司的股東廣泛而多元化，成員包括機構和散戶投資者。本公司積極運用互聯網和其他電子通信方式，適時和高透明地提供資訊。為了讓股東在掌握本公司表現之餘又不會過份看重短期業績，本公司決定不依照企業管治守則之建議最佳守則刊發季度財務業績。本公司改為於本公司及香港交易所網站刊登其首三個月及九個月期間之最新業務資料。公司網站上亦載有年報、中期報告、向交易所提交的資料、新聞稿以及其他資料。

董事會歡迎股東對影響本集團的事項提出意見，並鼓勵他們出席股東大會，藉以直接向董事會或管理層反映他們關注的事項。本公司之股東週年大會是尤其重要的平台。為了鼓勵及方便股東出席股東週年大會，本公司於大會舉行日期前最少足20個工作日發出通知。為確保清楚達意，各項獨立議題是以獨立的決議案提出。

根據公司細則，持有本公司不少於十份一的實繳股本，並且在股東大會上擁有投票權的任何股東，有權以書面請求形式要求董事會就該書面請求中指明任何業務交易召開特別股東大會。

投資者與股東如有意在股東大會上提出建議，又或向董事會提出查詢，可聯絡本公司之投資者關係部，其聯絡詳情載於本年報第166頁。

本公司於2016年5月27日舉行2016年股東週年大會。會議假座香港九龍長沙灣道777至779號天安工業大廈3樓B座舉行。

INVESTOR AND SHAREHOLDER RELATIONS

Earning shareholders' trust and confidence has always been the major emphasis of the Company's efforts in investor relations. The Group's senior management keeps a constant and open dialogue with the investment community through company visits, conference calls, information sessions and participation in major investor conferences to communicate clearly the Company's business strategies, developments and prospects. About 60 meetings with institutional investors and research analysts were held in 2016.

The Company has a wide and diverse shareholder base of institutional and retail investors. To ensure all shareholders have equal and timely access to important company information, the Company proactively utilizes internet and other forms of electronic communication to deliver information in a timely and transparent manner. To strike a balance between keeping shareholders abreast of the Company's performance on one hand and avoiding an unhealthy focus on short-term results on the other, the Company decided against following the CG Code Recommended Best Practice of publishing quarterly financial results. Instead, the Company publishes operations updates for the first three and nine month periods on the websites of the Company and HKEx. Annual and interim reports, stock exchange filings, press releases and other materials are also accessible on the corporate website.

The Board welcomes shareholders' views on matters affecting the Group, and encourages their attendance at shareholders' meetings to communicate any concerns they may have with the Board or management directly. The Company's AGM is an especially important forum. In order to encourage and facilitate shareholder attendance at its AGM, the Company gives at least 20 clear business days' prior notice. To ensure clear communication, each substantially separate issue is proposed under a separate resolution.

In accordance with the Bye-Laws, any shareholder holding not less than one-tenth of the paid-up capital of the Company carrying the right to vote at general meetings shall have the right, by written requisition, to require a special general meeting to be called by the Board for transaction of any business specified in such requisition.

Investors and shareholders who wish to put forward proposals at shareholder's meetings or to make enquiries of the Board may do so by contacting our Investor Relations Department whose contact details are listed on page 166 of this annual report.

The Company held its 2016 AGM on May 27, 2016. The meeting was held at Block B, 3rd Floor, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Kowloon, Hong Kong.

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主席宣布2016年股東週年大會正式開始後，講解了投票表決之程序以及所收到之代表委任文件之數目。於會上提呈下列之普通決議案，均以投票方式獲得通過：

- 採納經審核合併財務報表及董事會與獨立核數師報告書；
- 有關末期股息的決議案；
- 重選退任董事；
- 重新委聘核數師；
- 有關發行股份之一般授權的決議案；及
- 有關購回股份之一般授權的決議案。

本公司將於2017年5月26日舉行2017年股東週年大會。載於2017股東週年大會的通知上的每項議案將會根據上市規則按點算股數方式投票。

本公司之公司細則於年度內並無變動。根據規管本公司之相關法律，若需修訂公司細則，本公司將於本公司股東大會上提呈修訂案以供股東批准。

股東權利

應股東要求召開股東特別大會

股東有權要求董事會召開本公司的股東特別大會（「股東特別大會」）。

於遞呈要求日期持有本公司已繳足股本不少於（賦有於本公司股東大會上之投票權）十分之一的股東有權透過向本公司董事會或秘書或本公司註冊辦事處發出書面要求，要求董事會根據百慕達1981年公司法（「公司法」）第74條召開股東特別大會，以處理有關要求中指明之任何事項。倘遞呈後21日內，董事會未有召開該大會，則遞呈要求人士可自發根據公司法第74(3)條之規定召開大會。

要求召開股東特別大會的書面要求可送達本年報「公司資料」一節所載的本公司香港主要營業地點，收件人為公司秘書。

The Chairman opened formal business at the 2016 AGM by advising on the voting procedures and the level of proxies received. The following proposed ordinary resolutions were passed by way of poll votings at the meeting:

- Adoption of the audited consolidated financial statements and the reports from the Directors and the independent auditor;
- Resolution on a final dividend;
- Re-election of retiring Directors;
- Re-appointment of auditor;
- Resolution on the grant of general mandate to issue shares; and
- Resolution on the grant of the general mandate to repurchase shares.

The 2017 AGM will be held on May 26, 2017. Each of the resolutions as set out in the notice of the 2017 AGM will be voted by poll pursuant to the Listing Rules.

There was no change in the Company's Bye-Laws during the year. If any amendment to the Bye-Laws is necessary, according to the relevant law governing the Company, the Company will propose the amendment for shareholders' approval at a general meeting of the Company.

SHAREHOLDERS' RIGHTS

Convening of Special General Meeting on Requisition by Shareholders

Shareholders shall have the right to request the Board to convene a special general meeting of the Company ("SGM").

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary of the Company or at the registered office of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition pursuant to Section 74 of the Companies Act 1981 of Bermuda (the "Company Act"). If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provision of Section 74(3) of the Companies Act.

The written requisition requiring a special general meeting to be called can be sent to the principal place of business of the Company in Hong Kong as set out in the "Corporate Information" section of this annual report for the attention of the company secretary.

股東於股東大會提呈建議的程序

以下股東有權於本公司股東大會提呈建議(可於會議上正式提呈的建議)以供考慮：

- (a) 於請求日期佔本公司總投票權不少於二十分之一的任何股東；或
- (b) 不少於100位持有本公司股份的股東。

有關股東簽妥並載列建議的請求書連同建議內的所述事宜須送交本公司香港主要營業地點。本公司於接獲有效請求書時，將採取適當行動及作出必要安排，有關股東須根據公司法第79及80條負責支付進行該等行動及安排所產生的開支。

如股東擬於股東大會上提名退任董事以外的人士參選董事，請查閱載於本公司網頁內之有關程序。

股東可隨時以書面方式透過公司秘書向董事會提出查詢及關注事宜，地址為香港九龍長沙灣道777至779號天安工業大廈5樓。

香港，2017年3月9日

Procedures for Making a Proposal at General Meeting by Shareholders

The following shareholders are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

- (a) any members representing not less than one-twentieth of the total voting rights of the Company on the date of the requisition; or
- (b) not less than 100 members holding shares in the Company.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement with respect to the matter referred to in the proposal must be deposited at the principal place of business of the Company in Hong Kong. The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

As regards proposing a person other than the retiring Director for election as a Director in a general meeting, please refer to the procedures available on the website of the Company.

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at 5th Floor, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Kowloon, Hong Kong.

Hong Kong, March 9, 2017

董事會報告書

DIRECTORS' REPORT

董事欣然提呈本公司及本集團截至2016年12月31日止年度之董事會報告書及經審核合併財務報表。

主要業務

本公司為一家投資控股公司。本集團之主要業務為經營零售及分銷Giordano及Giordano Junior、Giordano Ladies、BSX、其他規模較小之品牌及授權經營之非專有第三方品牌之時尚男女服裝、童裝。該等品牌儘管以不同市場分部為銷售目標，皆致力為消費者提供優良品質、物有所值的服裝及服務。

分部資料

本集團截至2016年12月31日止年度按照主要地區及品牌之表現分析載於合併財務報表附註5。

業務回顧

有關本集團業務的審視載於本年報第8頁至第35頁的「管理層之論述及分析」章節內。關於本集團面對的主要風險及不明朗因素的敘述已於本年報的不同部份披露，於合併財務報表附註3尤其詳盡。於本財政年度終結後，並無發生對本集團有影響的重大事件。本集團的業務前景則載於本年報第8頁至第35頁的「管理層之論述及分析」內探討。財務狀況相關的關鍵表現指標以完善及補充財務披露載於第2頁及第3頁，以及「管理層之論述及分析」。本公司與主要持份者關係之闡述及本集團的環境政策及表現的探討，以及對公司有重大影響的適用法律法規之遵守分別載於本年報第43頁至第63頁及ESG.1頁至ESG.28頁的「企業管治報告書」及「環境、社會及管治報告書」內。

以上部分屬本董事會報告書的一部分。

遵守適用法律及法規

我們已訂立合規程序以確保遵從與本集團有關的相關法律及規例。在法律及公司秘書部門的支援及協助下，董事會負責檢討及監察本集團有關遵守法律及監管規定的政策及常規。

The Directors are pleased to submit their report together with the audited consolidated financial statements of the Company and of the Group for the year ended December 31, 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal business of the Group is the retail and distribution of men's, women's and children's fashion apparel under Giordano and Giordano Junior, Giordano Ladies, BSX, other less significant brands and non-proprietary third party brands under license through its own stores as well as third party franchisees. Although targeted at different market segments, the brands all strive to deliver excellent quality, value and service to consumers.

SEGMENT INFORMATION

An analysis of the Group's performance by geography and by brand for the year ended December 31, 2016 is set out in Note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business is provided in the Management Discussion and Analysis section on pages 8 to 35 of this annual report. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report, particularly in Note 3 to the consolidated financial statements. No important event affecting the Group has occurred since the end of the financial year under review. The outlook of the Group's business is discussed in the Management Discussion and Analysis section on pages 8 to 35 of this annual report. Certain financial key performance indicators which complement and supplement our financial disclosures are set out on pages 2 and 3 as well as in the Management Discussion and Analysis section. An account of the Company's relationships with its key stakeholders and discussions on the Group's environmental policies and performance, and compliance with the applicable laws and regulations are included in the Corporate Governance Report and Environmental, Social and Governance Report on pages 43 to 63 and pages ESG.1 to ESG.28 of this annual report, respectively.

The above sections form part of the Directors' Report.

Compliance with the Applicable Laws and Regulations

We have in place compliance procedures to ensure adherence to the relevant laws and regulations that are relevant to the Group. The Board is responsible for reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements, with the support and assistance of the legal and company secretarial department.

香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)、公司條例及證券及期貨條例及其附屬法例、守則及指引乃我們的合規責任的主要來源。其他司法權區的法律亦可能適用於我們的香港境外業務，而於香港及其他地區，我們均依賴外部律師事務所及專業顧問的協助，以管理我們的法律及合規風險。

我們向僱員傳達相關新法例或法律及規例的變動以確保合規，並定期提醒僱員須承擔合規責任。

業績

本集團截至2016年12月31日止年度之業績及本公司與本集團於該日之財務狀況俱載於本年報第82頁至第159頁之合併財務報表內。

股息

中期股息每股12.5港仙已於2016年9月23日向本公司股東派發。

董事會向股東建議派發截至2016年12月31日止年度末期股息每股15.0港仙予2017年6月7日名列本公司股東名冊上之股東，但仍須待本公司股東將於應屆本公司之股東週年大會(「股東週年大會」)上通過後方可作實。

可供分派儲備

於2016年12月31日，本公司之可供分派滾存溢利及繳入盈餘為7.65億港元(2015年：8.20億港元)。

主要附屬公司

本公司於2016年12月31日之主要附屬公司之詳情載於合併財務報表附註35。

十年財務資料

本集團過去十個財政年度之業績、資產及負債摘要載於本年報第2頁及第3頁。

The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Companies Ordinance and the Securities and Futures Ordinance as well as their subsidiary legislation, codes and guidelines are the principal sources of our compliance obligations. Laws in other jurisdictions may also apply to our non-Hong Kong operations, and both in Hong Kong and elsewhere, we rely on the assistance of external law firms and professional advisers to manage our legal and compliance risks.

We communicate information on relevant new laws or changes in laws and regulations to our staff to ensure compliance, and also regularly remind our staff of their compliance obligations.

RESULTS

The results of the Group for the year ended December 31, 2016 and the financial position of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 82 to 159 of this annual report.

DIVIDENDS

An interim dividend of 12.5 HK cents per share was paid to shareholders of the Company on September 23, 2016.

The Directors has recommended the payment of a final dividend of 15.0 HK cents per share for the year ended December 31, 2016, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company (“AGM”), to those shareholders whose names appear on the register of members of the Company on June 7, 2017.

DISTRIBUTABLE RESERVES

As at December 31, 2016, the retained profits of the Company together with the contributed surplus available for distribution amounted to HK\$765 million (2015: HK\$820 million).

PRINCIPAL SUBSIDIARIES

Particulars of the Company’s principal subsidiaries as at December 31, 2016 are set out in Note 35 to the consolidated financial statements.

TEN-YEAR FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last ten fiscal years is set out on pages 2 and 3 of this annual report.

董事會報告書

DIRECTORS' REPORT

慈善捐款

本集團於本年度內之慈善捐款為46.2萬港元(2015年：33.6萬港元)。

銀行貸款

於2016年12月31日，本集團有2.98億港元銀行貸款須於一年內償還(2015年：無)。

主要供應商及客戶

本集團於本年度內主要供應商所佔的購買總額百分比如下：

購買額

最大供應商	32%
五大供應商總額合計	50%

本集團於本年度內首五大客戶所佔的銷售總額均低於30%。

本公司的董事或其任何聯繫人或任何股東(據董事所深知擁有本公司已發行股本5%以上者)概無於本集團任何五大供應商及五大客戶中擁有任何權益。

股本

本公司之股本於本年度內之變動詳情載於合併財務報表附註22。

購股權資料

本公司購股權計劃之摘要及本公司購股權於本年度內變動詳情載於本年報第160頁至第165頁。

股份優先購買權

本公司之公司細則中並無股份優先購買權之規定，惟百慕達法例則無限制該等權利。

CHARITABLE DONATIONS

Donations made for charitable purposes by the Group during the year amounted to HK\$462,000 (2015: HK\$336,000).

BANK LOANS

As at December 31, 2016, the Group had bank loans of HK\$298 million (2015: Nil) that were repayable within one year.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate percentages of purchases attributable to the Group's major suppliers during the year are as follows:

Purchases

The largest supplier	32%
Five largest suppliers combined	50%

The percentage of the sales attributable to the Group's five largest customers is less than 30% during the year.

None of the Directors, their associates, or any shareholders (which, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company) had a beneficial interest in the Group's five largest suppliers and customers.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are shown in Note 22 to the consolidated financial statements.

SHARE OPTION INFORMATION

A summary of the Company's share option scheme and details of the movement in share options of the Company during the year are set out on pages 160 to 165 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws although there are no restrictions against having such rights under the laws of Bermuda.

購買、出售或贖回本公司之上市證券

截至2016年12月31日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

董事會

於本年度內及截至本報告書之日期止，本公司之董事為：

執行董事

劉國權博士

(主席及行政總裁)

陳嘉緯博士

羅學文先生¹

Ishwar Bhagwandas CHUGANI先生²

文道明先生³

非執行董事

鄭志剛博士 JP

陳世昌先生

獨立非執行董事

畢滌凡博士

鄭其志先生 GBS JP

Simon Devilliers RUDOLPH先生

黃旭教授

¹ 於2017年3月9日獲委任

² 於2017年3月9日辭任

³ 於2016年3月3日辭任

根據本公司之公司細則第98條規定，鄭志剛博士、陳世昌先生及鄭其志先生須將於應屆股東週年大會上輪值告退，惟彼得符合資格，並願意膺選連任。

於本報告日，本公司董事之個人資料詳載於本年報第36頁至第42頁。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended December 31, 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Dr. LAU Kwok Kuen, Peter

(Chairman and Chief Executive)

Dr. CHAN Ka Wai

Mr. Mark Alan LOYND¹

Mr. Ishwar Bhagwandas CHUGANI²

Mr. Dominic Leo Richard IRWIN³

Non-executive Directors

Dr. CHENG Chi Kong Adrian JP

Mr. CHAN Sai Cheong

Independent Non-executive Directors

Dr. Barry John BUTTIFANT

Mr. KWONG Ki Chi GBS JP

Mr. Simon Devilliers RUDOLPH

Professor WONG Yuk (alias, HUANG Xu)

¹ Appointed on March 9, 2017

² Resigned on March 9, 2017

³ Resigned on March 3, 2016

In accordance with Bye-Law 98 of the Company's Bye-Laws, Dr. CHENG Chi Kong, Adrian, Mr. CHAN Sai Cheong and Mr. KWONG Ki Chi shall retire by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election.

Biographical details of the Directors as at the date of this report are set out on pages 36 to 42 to this annual report.

董事會報告書

DIRECTORS' REPORT

董事資料更新

根據上市規則第13.51B(1)條，董事資料自本公司截至2016年6月30日止期間之中期報告日期起的變動載列如下：

董事酬金

由2016年6月13日起，本公司之執行董事陳嘉緯博士可獲每年薪金2,220,000.00港元。

由2017年1月1日起，本公司主席及行政總裁劉國權博士可獲每年薪金為3,543,336.00港元。

由2017年1月1日起，本公司之執行董事Ishwar Bhagwandas CHUGANI先生可獲每月薪金110,489.00港元。於2017年3月9日，CHUGANI先生辭任本公司執行董事。

董事個人資料

於2016年，陳嘉緯博士出任為下列子公司董事之職：

- Apex View Holdings Limited
- 寶斯特有限公司
- CYU Advertising & Promotion Limited
- Eletop Limited
- Giordano (Hong Kong) UK Limited
- Giordano Cambodia Limited
- Giordano Corporate Services Limited
- Giordano Fashions LLC
- 佐丹奴企業有限公司
- Giordano Investment Pte Limited
- 佐丹奴有限公司
- Giordano Vietnam Limited
- Giordano.com Limited
- Obvious Success Limited
- 虎威企業有限公司
- Truly Smart Limited

自2017年3月1日起，鄭志剛博士由新世界發展有限公司(一家於聯交所主板上市之公司)之執行副主席兼聯席總經理改任為執行副主席兼總經理。

於2017年3月9日，羅學文先生獲委任為本公司執行董事。

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of our Directors since the report date of the Company's interim report for the period ended June 30, 2016 are set out below:

Directors' emoluments

Dr. CHAN Ka Wai, the Executive Director of the Company, is entitled to an annual salary of HK\$2,220,000.00 with effect from June 13, 2016.

Dr. LAU Kwok Kuen, Peter, the Chairman and Chief Executive of the Company, is entitled to an annual salary of HK\$3,543,336.00 with effect from January 1, 2017.

Mr. Ishwar Bhagwandas CHUGANI, the Executive Director of the Company, is entitled to a monthly salary of HK\$110,489.00 with effect from January 1, 2017. Mr. CHUGANI resigned as Executive Director of the Company on March 9, 2017.

Personal information of Directors

In 2016, Dr. CHAN Ka Wai was appointed as director of our subsidiaries as follows:

- Apex View Holdings Limited
- Bluestar Exchange Limited
- CYU Advertising & Promotion Limited
- Eletop Limited
- Giordano (Hong Kong) UK Limited
- Giordano Cambodia Limited
- Giordano Corporate Services Limited
- Giordano Fashions LLC
- Giordano Holdings Limited
- Giordano Investment Pte Limited
- Giordano Limited
- Giordano Vietnam Limited
- Giordano.com Limited
- Obvious Success Limited
- Tiger Enterprises Limited
- Truly Smart Limited

Dr. CHENG Chi Kong, Adrian has been re-designated from executive vice-chairman and joint general manager to executive vice-chairman and general manager of New World Development Company Limited, a company listed on the main board of the Stock Exchange, with effect from March 1, 2017.

Mr. Mark Alan LOYND was appointed as an Executive Director of the Company on March 9, 2017.

董事服務合約

擬將於應屆股東週年大會上膺選連任之董事，概無與本公司或其附屬公司訂立本集團不可於一年內毋須賠償(法定補償除外)而終止之服務合約。

董事於競爭性業務中的權益

本年度內，概無董事擁有與本集團業務上直接或間接構成競爭或可能構成競爭的任何業務權益。

董事於重要交易、安排及合約中的權益

持續關連交易及重大關連人士交易的詳情，分別已於本年報第72頁「關連交易」部及合併財務報表附註34中披露。

除上述者外，並無其他重要交易、安排或合約與本集團業務有關，且本公司或其任何附屬公司為其中一方，而本公司董事或與其有關聯的實體直接或間接於其中擁有重大權益的交易、安排或合約於年度結束時或年內任何時間仍然有效。

董事及主要行政人員之股份、相關股份及債權證的權益及淡倉

於2016年12月31日，本公司董事及主要行政人員在本公司或其任何相關法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債權中擁有須記錄於證券及期貨條例第352條規定置存之登記冊內之權益或淡倉，或根據上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司和聯交所之權益及淡倉如下：

DIRECTORS' SERVICE CONTRACTS

The Directors being proposed for re-election at the forthcoming AGM do not have any service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, none of the Directors is interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Details of the continuing connected transactions and significant related party transactions are respectively disclosed under section headed "Connected Transactions" on page 72 and in Note 34 to the consolidated financial statements of this annual report.

Save for the above, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any its subsidiaries was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

董事會報告書

DIRECTORS' REPORT

於本公司股份之好倉

Long positions in shares of the Company

所持本公司之股份數目 Number of shares of the Company held

董事姓名 Name of Director	個人權益 Personal interests	衍生工具權益 (購股權) (附註1)	合計 Total	概約持股 百分比 (附註2)
		Derivative interests (share options) (Note 1)		Approximate percentage of shareholding (Note 2)
劉國權 LAU Kwok Kuen, Peter	27,318,000	–	27,318,000	1.74%
Ishwar Bhagwandas CHUGANI (附註 Note 3)	1,200,000	1,766,000	2,966,000	0.18%
陳嘉緯 CHAN Ka Wai	300,000	3,000,000	3,300,000	0.21%

附註：

Notes:

(1) 衍生工具權益之相關股份乃按本公司採納之購股權計劃而授予董事之購股權，有關資料載列於本年報第160頁至第165頁。

(1) Derivative interests are share options granted to the Directors pursuant to the share option schemes of the Company and details of which are set out on pages 160 to 165 of this annual report.

(2) 根據於2016年12月31日本公司已發行股份1,570,952,518股計算。

(2) Based on 1,570,952,518 shares of the Company in issue as at December 31, 2016.

(3) 於2017年3月9日辭任。

(3) Resigned on March 9, 2017.

除上述披露外，於2016年12月31日，本公司董事或主要行政人員或彼等各自之聯繫人士概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中擁有須記錄於證券及期貨條例第352條規定置存之記錄冊內之權益或淡倉，或須根據標準守則知會本公司及聯交所之權益或淡倉。

Save as disclosed herein, as at December 31, 2016, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事購買股份或債券之權利

除於本年報第160頁至第165頁「購股權之資料」部分所披露者外，於本回顧年度內任何時間，本公司或其任何控股公司、同系附屬公司或附屬公司概無參與訂立任何安排以使本公司董事（包括彼等配偶及未滿18歲的子女）可藉購入本公司或任何其他法團之股份或債券而獲取利益。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under Share Option Information section on pages 160 to 165 to this annual report, at no time during the year under review was the Company, or any of its holding companies, fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors of the Company (including their spouses and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

主要股東之權益及淡倉

於2016年12月31日，下列人士（除本公司董事及行政總裁外）於本公司之股份或相關股份中擁有須記錄於證券及期貨條例第336條規定置存之登記冊內之權益或淡倉如下：

INTERESTS AND SHORT POSITIONS OF
SUBSTANTIAL SHAREHOLDERS

As at December 31, 2016, the following persons, other than Directors and chief executive of the Company, had interests or short positions in the Company's shares or underlying shares was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

主要股東名稱 Name of substantial shareholders	身份 Capacity	所持本公司之股份數目 Number of shares of the Company held		概約持股 百分比 (附註2) Approximate percentage of shareholding (Note 2)
		好倉 Long Position	淡倉 Short Position	
Aberdeen Asset Management Plc and its associates	投資經理 Investment Manager	94,177,469	–	5.99%
BlackRock, Inc.	受控制法團之權益 Interest of controlled corporation	251,697,469	–	16.02%
	受控制法團之權益 Interest of controlled corporation	–	114,000	0.007%
BlackRock Global Funds	實益擁有人 Beneficial owner	94,739,000	–	6.03%
Cheng Yu Tung Family (Holdings) Limited (附註 Note 1)	受控制法團之權益 Interest of controlled corporation	384,830,000	–	24.49%
Cheng Yu Tung Family (Holdings II) Limited (附註 Note 1)	受控制法團之權益 Interest of controlled corporation	384,830,000	–	24.49%
Chow Tai Fook Capital Limited (附註 Note 1)	受控制法團之權益 Interest of controlled corporation	384,830,000	–	24.49%
周大福(控股)有限公司 Chow Tai Fook (Holding) Limited (附註 Note 1)	受控制法團之權益 Interest of controlled corporation	384,830,000	–	24.49%
周大福代理人有限公司 Chow Tai Fook Nominee Limited (附註 Note 1)	受控制法團之權益 Interest of controlled corporation	384,830,000	–	24.49%
Sino Wealth International Limited	實益擁有人 Beneficial owner	384,830,000	–	24.49%

董事會報告書

DIRECTORS' REPORT

附註：

(1) 於2016年12月31日，Sino Wealth International Limited 持有384,830,000股本公司股份，其由周大福代理人有限公司全資擁有，而周大福代理人有限公司則由周大福(控股)有限公司之控制。Cheng Yu Tung Family (Holdings) Limited及Cheng Yu Tung Family (Holdings II) Limited於Chow Tai Fook Capital Limited分別持有約49.0%及46.7%權益，而Chow Tai Fook Capital Limited則於周大福(控股)有限公司持有約78.6%權益，因此Cheng Yu Tung Family (Holdings) Limited、Cheng Yu Tung Family (Holdings II) Limited、Chow Tai Fook Capital Limited、周大福(控股)有限公司及周大福代理人有限公司被視為於Sino Wealth International Limited所持本公司股份中擁有權益。

(2) 根據於2016年12月31日本公司已發行股份1,570,952,518股計算。

除上文所披露者外，於2016年12月31日，本公司並無獲悉本公司之股份及相關股份中擁有須記入本公司根據證券及期貨條例第336條存置之登記冊之權益或淡倉。

管理合約

除僱員合約外，於本年度內，本公司並無訂立或進行任何與本公司全部或重要業務有關之管理及行政合約。

獲准許的彌償條文

根據本公司之公司細則，本公司每名董事或其他主要職員在其執行職責或在其他方面與此有關之情況下可能蒙受或產生之所有損失或責任，有權獲得從本公司之資產中撥付彌償。此外，本公司已就董事可能面對之有關法律行動安排適當的董事及主要職員責任保險。

有關連人士交易

本集團於本年度內訂立的重大關聯交易載於合併財務報表附註34。

關連交易

根據上市規則第14A章，本集團於本年度內訂立之交易構成持續關連交易，其獲豁免申報、公佈及獨立股東批准之規定。

除於上文所披露者外，本集團於本年度內並無任何關連交易須根據上市規則第14A章作出披露。

Notes:

(1) As at December 31, 2016, 384,830,000 shares of the Company held by Sino Wealth International Limited which is a wholly-owned by Chow Tai Fook Nominee Limited, which in turn controlled by Chow Tai Fook (Holdings) Limited. Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited held approximately 49.0% and 46.7% interest in Chow Tai Fook Capital Limited respectively, which in turn held an approximately 78.6% interest in Chow Tai Fook (Holding) Limited and accordingly each of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited and Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Nominee Limited is deemed to have an interest in the shares of the Company held by Sino Wealth International Limited.

(2) Based on 1,570,952,518 shares of the Company in issue as at December 31, 2016.

Save as disclosed above, as at December 31, 2016, the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PERMITTED INDEMNITY

The Company's Bye-Laws provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year are set out in Note 34 to the consolidated financial statements.

CONNECTED TRANSACTIONS

During the year, the transactions entered into by the Group that constitute continuing connected transactions are exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save as disclosed above, the Group did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules during the year.

公眾持股量

於本報告日，根據本公司可以得悉之公開資料及本公司董事亦知悉之情況下，本公司已按上市規則之要求，維持足夠公眾持股量。

核數師

本年度之合併財務報表已由羅兵咸永道會計師事務所審核，該核數師將任滿退任，惟符合資格並願意應聘連任。本公司將於應屆股東週年大會上提呈決議案，以續聘羅兵咸永道會計師事務所為本公司之核數師並授權董事釐定其酬金。

承董事會命
劉國權
主席及行政總裁

香港，2017年3月9日

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint PricewaterhouseCoopers as auditor of the Company and to authorize the Directors to fix their remuneration will be proposed for approval at the forthcoming AGM.

On behalf of the Board
LAU Kwok Kuen, Peter
Chairman and Chief Executive

Hong Kong, March 9, 2017

獨立核數師報告書 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

致佐丹奴國際有限公司股東

(於百慕達註冊成立的有限公司)

意見

我們已審計的內容

佐丹奴國際有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第82至159頁的合併財務報表，包括：

- 於2016年12月31日的合併資產負債表；
- 截至該日止年度的合併利潤表；
- 截至該日止年度的合併綜合收益表；
- 截至該日止年度的合併權益變動表；
- 截至該日止年度的合併現金流量表；及
- 合併財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等合併財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於2016年12月31日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露要求妥為擬備。

TO THE SHAREHOLDERS OF GIORDANO INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Giordano International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 82 to 159, which comprise:

- the consolidated balance sheet as at December 31, 2016;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

獨立核數師報告書

INDEPENDENT AUDITOR'S REPORT

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計合併財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據香港會計師公會頒布的《專業會計師道德守則》（以下簡稱「守則」），我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期合併財務報表的審計最為重要的事項。這些事項是在我們審計整體合併財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 商譽減值及授出認沽期權負債的估值
- 存貨估值

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Goodwill impairment and valuation of put option liability
- Valuation of inventory

獨立核數師報告書

INDEPENDENT AUDITOR'S REPORT

關鍵審計事項 Key Audit Matter

商譽減值及授出認沽期權負債的估值 Goodwill impairment and valuation of put option liability

請參閱合併財務報表附註15「商譽」，附註26「授出認沽期權負債」，會計政策中的附註2(i)、2(s)及重要會計估計及判斷中的附註4(i)、(ii)。

Refer to Note 15 "Goodwill", Note 26 "Put Option Liability", Accounting Policies Notes 2(i), 2(s) and Critical Accounting Estimates and Judgements in Note 4(i) & (ii) to the consolidated financial statements

列示於合併資產負債表的商譽共計5.46億港元，其中5.41億港元來自於收購佐丹奴中東業務(以下簡稱「中東業務」)。此部分商譽已被分攤至一組現金產生單元(以下簡稱「現金產生單元」)，以進行商譽減值測試。另外，授出認沽期權存在於中東業務的非控制性股東所持有的剩餘權益中。認沽期權負債於每個資產負債表日以公允價值列示。於2016年12月31日貴集團的認沽期權負債為1.21億港元。

Of the HK\$546 million goodwill on the consolidated balance sheet, HK\$541 million arose from the acquisitions of the Giordano Middle East businesses (the "Middle East Business"), which has been allocated to a group of cash generating units ("CGUs") for the purpose of goodwill impairment testing. In addition, put options exist over the remaining interests held by the non-controlling shareholders of the Middle East Business. The put option liability is stated at fair value at each balance sheet date, and as at December 31, 2016, amounted to HK\$121 million.

收購中東業務所得商譽的可收回金額評估與認沽期權負債的估值均以管理層編制的現金流預測為基礎，並按公允價值減去銷售成本來計算。

The assessment of the recoverable amount of the goodwill and the put option liability valuation for the Middle East Business were based on the same cash flow projections prepared by management, using fair value less costs to sell calculations.

我們關注該等餘額是因為估值模型涉及管理層就中東業務的未來業績所作的重要判斷。

We focussed on these balances because the valuation models involve significant judgements made by management about the future results of its Middle East Business.

我們的審計如何處理關鍵審計事項 How our audit addressed the Key Audit Matter

我們通過評估管理層制定估值模型時所採用的估值方法、估值流程與估值控制的適當性來評估其估值模型，並將相關輸入與董事會批准的最近預算進行比較。同時，我們還將歷史實際結果與其之前的預算進行比較，以評估管理層的預測質量。

We evaluated management's valuation models by assessing the appropriateness of the valuation methodology, the process and controls by which the models were drawn up and compared the underlying inputs to the latest Board approved budget. We also compared historic actual results to those budgeted to assess the quality of management's forecasting.

由於宏觀經濟的不確定性影響中東的若干現金產生單元，導致經營變得困難，所以我們著重關注計算中採用的關鍵假設與輸入，特別是：

Given the uncertainty in the macro-economic environment for a number of the CGUs in the Middle East, which has led to difficult trading conditions, we have focussed on the key assumptions and inputs used in the calculations, particularly:

- 採用的風險調整折現率，並根據相關公司和行業及國家特定的可比實體的資本成本對該等折現率進行評估；the risk adjusted discount rates used, and assessed these against the cost of capital of the relevant companies and industry and country specific comparable entities;
- 預計年度銷售增長率與現金產生單元的最終增長率，因為這些因素被視為中東業務估值的核心部分。我們從各個方面將管理層所作的上述假設與外部零售行業前景報告和國家具體經濟增長預測進行了比較。the projected annual sales growth rates and the terminal growth rates for the CGUs, as these were considered to be the key drivers of the valuation of the Middle East Business. We compared management's assumptions of these against external retail industry outlook reports and country specific economic growth forecasts from different sources.

關鍵審計事項
Key Audit Matter

我們的審計如何處理關鍵審計事項
How our audit addressed the Key Audit Matter

存貨估值
Valuation of inventory

請參閱合併財務報表附註20「存貨」，會計政策中的附註2(m)及重要會計估計及判斷中的附註4(iii)。

Refer to Note 20 "Inventories" and Accounting Policies Note 2(m) and Critical Accounting Estimates and Judgements in Note 4(iii) to the consolidated financial statements

於2016年12月31日貴集團的淨存貨餘額為4.47億港元。存貨按成本與可變現淨值的較低者列示於合併財務報表。服裝行業存貨的可變現淨值難以估計，且可能受貴集團經營所在地的經濟狀況變化以及受客戶品味和競爭對手應對不同市場條件時所採取的行動的變化所影響。

The net inventory balance at December 31, 2016 was HK\$447 million. Inventory is carried in the consolidated financial statements at the lower of cost and net realisable value. The net realisable value of inventory in the apparel industry is difficult to estimate and could be impacted by changes in economic conditions in places where the Group operates, as well as changes to customer taste and competitor actions in response to changes in market conditions.

我們關注該領域是因為估計所需存貨準備金額時存在固有的複雜性並且需要作出判斷。

We focused on this area due to the inherent complexity and judgement in estimating the amount of inventory provisions required.

我們審查了管理層的敏感性測試並執行了自己的敏感性測試，在此過程中我們對關鍵假設定了一個彈性的合理範圍，以確定在何種層次估值模型中的差異將被消除。

We reviewed management's sensitivity analysis and performed our own sensitivities, where we flexed the key assumptions within a reasonable range, to determine at what level the headroom in the model would be eliminated.

基於現有證據，我們認為管理層於估值時採用的判斷和假設獲現有證據支持。

We were satisfied that management's judgements and assumptions used in the valuation were supportable, based on the available evidence obtained.

我們測試了該年度按照不同季節分類的存貨樣本，以獲取存貨分類與賬齡的合理性，並且根據各樣本重新計算了所應用的準備比例的準確性。

We tested a sample of inventory items categorised into different seasons of the year to gain comfort over the categorisation and ageing of inventory and recalculated, on a sample basis, the mathematical accuracy of the provision percentage applied.

通過參考歷史銷售經驗，我們對管理層對當前趨勢與剩餘存貨需求的預測提出質疑，以評估上述存貨準備的合理性。我們還將淨存貨項目樣本與期末後實際銷售額進行比較，以評估存貨準備的合理性。

We assessed the reasonableness of the provisions by challenging management's projections on current trends and demands for the remaining inventories, with reference to historic sales experience. We also assessed the reasonableness of the inventory provisions by comparing a sample of inventory items to actual post year end sales.

基於現有證據，我們認為管理層於估值時採用的假設獲現有證據支持。

We found the assumptions made by management in respect of the inventory provisions were supportable based on the available evidence.

獨立核數師報告書

INDEPENDENT AUDITOR'S REPORT

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及治理層就合併財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》中的披露要求擬備真實而中肯的合併財務報表，並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備合併財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

治理層須負責監督貴集團的財務報告過程。

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

獨立核數師報告書

INDEPENDENT AUDITOR'S REPORT

核數師就審計合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)按照百慕達1981年《公司法》第90條報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響合併財務報表使用者依賴合併財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

獨立核數師報告書

INDEPENDENT AUDITOR'S REPORT

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對合併財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

除其他事項外，我們與治理層溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向治理層提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與治理層溝通的事項中，我們確定哪些事項對本期合併財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

獨立核數師報告書 INDEPENDENT AUDITOR'S REPORT

出具本獨立核數師報告書的審計項目合夥人是謝明儀。

The engagement partner on the audit resulting in this independent auditor's report is Tse Ming Yee.

羅兵咸永道會計師事務所
執業會計師

PricewaterhouseCoopers
Certified Public Accountants

香港，2017年3月9日

Hong Kong, March 9, 2017

合併利潤表

CONSOLIDATED INCOME STATEMENT

截至2016年12月31日止年度
For the year ended December 31, 2016

(除每股盈利外， 以百萬港元為單位)	(In HK\$ million, except earnings per share)	附註 Note	2016	2015
銷售額	Sales	5	5,145	5,381
銷售成本	Cost of sales		(2,090)	(2,284)
毛利	Gross profit		3,055	3,097
其他收入及其他收益，淨額	Other income and other gains, net	6	85	89
分銷費用	Distribution expense		(2,299)	(2,242)
行政費用	Administrative expense		(273)	(388)
經營溢利	Operating profit	7	568	556
融資費用	Finance expense	8	(1)	-
應佔合營公司溢利	Share of profit of joint ventures	16	43	42
除稅前溢利	Profit before taxation	5	610	598
稅項	Taxation	11	(122)	(118)
本年度溢利	Profit for the year		488	480
應佔溢利：	Profit attributable to:			
本公司股東	Shareholders of the Company		434	426
非控制性權益	Non-controlling interests		54	54
			488	480
本公司股東應佔溢利之 每股盈利	Earnings per share for profit attributable to shareholders of the Company	12		
基本(港仙)	Basic (HK cents)		27.7	27.1
攤薄(港仙)	Diluted (HK cents)		27.7	27.1

合併綜合收益表

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

截至2016年12月31日止年度
For the year ended December 31, 2016

(以百萬港元為單位)	(In HK\$ million)	2016	2015
本年度溢利	Profit for the year	488	480
其他綜合收益：	Other comprehensive income:		
<u>或可轉移到損益表之項目</u>	<u>Items that may be reclassified to profit or loss</u>		
可供出售金融資產	Fair value change on available-for-sale		
公允值之變動(附註17)	financial asset (Note 17)	22	-
海外附屬公司、合營公司	Exchange adjustments on translation of overseas		
及分公司換算之匯兌調整	subsidiaries, joint ventures and branches	(35)	(121)
本年度總綜合收益	Total comprehensive income for the year	475	359
應佔總綜合收益：	Total comprehensive income attributable to:		
本公司股東	Shareholders of the Company	416	319
非控制性權益	Non-controlling interests	59	40
		475	359

合併資產負債表

CONSOLIDATED BALANCE SHEET

2016年12月31日
December 31, 2016

截至12月31日
As at 31 December

(以百萬港元為單位)	(In HK\$ million)	附註 Note	2016	2015
資產	ASSETS			
非流動資產	Non-current assets			
物業、機器及設備	Property, plant and equipment	14	221	239
商譽	Goodwill	15	546	546
合營公司權益	Interest in joint ventures	16	480	503
可供出售金融資產	Available-for-sale financial asset	17	35	13
於損益賬按公允價值 處理之金融資產	Financial asset at fair value through profit or loss	18	28	28
租賃土地及租金預付款項	Leasehold land and rental prepayments	19	192	205
租賃按金	Rental deposits		127	109
遞延稅項資產	Deferred tax assets	27	50	48
			1,679	1,691
流動資產	Current assets			
存貨	Inventories	20	447	491
租賃土地及租金預付款項	Leasehold land and rental prepayments	19	51	47
應收賬款及其他應收款	Trade and other receivables	21	544	542
現金及銀行結存	Cash and bank balances	29	1,393	1,076
			2,435	2,156
資產總額	Total assets		4,114	3,847
權益及負債	EQUITY AND LIABILITIES			
股本及儲備	Capital and reserves			
股本	Share capital	22	79	79
儲備	Reserves	25	2,470	2,483
擬派股息	Proposed dividends	13	236	228
本公司股東 應佔權益	Equity attributable to shareholders of the Company		2,785	2,790
非控制性權益	Non-controlling interests	23	182	176
權益總額	Total equity		2,967	2,966

合併資產負債表(續)

CONSOLIDATED BALANCE SHEET (continued)

2016年12月31日
December 31, 2016

		截至12月31日		
		As at 31 December		
(以百萬港元為單位)	(In HK\$ million)	附註 Note	2016	2015
非流動負債	Non-current liabilities			
授出認沽期權負債	Put option liabilities	26	19	19
遞延稅項負債	Deferred tax liabilities	27	103	111
			122	130
流動負債	Current liabilities			
應付賬款及其他應付款	Trade and other payables	28	538	559
授出認沽期權負債	Put option liabilities	26	102	102
銀行貸款	Bank loans	30	298	-
稅項	Taxation		87	90
			1,025	751
負債總額	Total liabilities		1,147	881
權益及負債總額	Total equity and liabilities		4,114	3,847
淨流動資產	Net current assets		1,410	1,405
資產總額減流動負債	Total assets less current liabilities		3,089	3,096

劉國權
LAU Kwok Kuen, Peter
董事
Director

陳嘉緯
CHAN Ka Wai
董事
Director

合併現金流量表

CONSOLIDATED CASH FLOW STATEMENT

截至2016年12月31日止年度
For the year ended December 31, 2016

(以百萬港元為單位)	(In HK\$ million)	附註 Note	2016	2015
經營業務：	Operating activities:			
除稅前溢利	Profit before taxation		610	598
調整：	Adjustments for:			
應佔合營公司溢利	Share of profit of joint ventures	16	(43)	(42)
租賃土地及租金預付款項攤銷	Amortization of leasehold land and rental prepayments	19	67	58
利息收入	Interest income	6	(12)	(11)
折舊	Depreciation	7	118	126
分階段收購附屬公司時以公允值重新計量原先持有之權益之收益	Gain on remeasurement of previously held interest upon step acquisition of subsidiaries	31	-	(2)
出售物業、機器及設備之淨收益	Net gain on disposal of property, plant and equipment	6	-	(11)
可供出售金融資產減值虧損	Impairment loss on available-for-sale financial asset	6	-	2
物業、機器及設備之減值虧損	Impairment loss on property, plant and equipment	14	1	1
銀行貸款利息	Interest on bank loans	8	1	-
購股權費用	Share option expense	9	1	3
匯兌調整	Exchange difference		(10)	(33)
營運資金、利息及稅項變動前之經營現金流入	Operating cash inflow before changes in working capital, interest and tax		733	689
存貨之減少	Decrease in inventories		44	27
應收賬款及其他應收款之(增加)/減少	(Increase)/decrease in trade and other receivables		(23)	40
應付賬款及其他應付款之(減少)/增加	(Decrease)/increase in trade and other payables		(21)	45
經營活動所產生之現金	Cash generated from operations		733	801
已付利息	Interest paid		(1)	-
已付香港利得稅	Hong Kong profits tax paid		(20)	(13)
已付海外稅項	Overseas tax paid		(94)	(76)
經營業務之現金流入淨額	Net cash inflow from operating activities		618	712

合併現金流量表(續)

CONSOLIDATED CASH FLOW STATEMENT (continued)

截至2016年12月31日止年度
For the year ended December 31, 2016

(以百萬港元為單位)	(In HK\$ million)	附註 Note	2016	2015
投資業務：	Investing activities:			
購買物業、機器及設備	Purchase of property, plant and equipment	14	(104)	(98)
出售物業、機器及設備之收入	Proceeds from disposal of property, plant and equipment		4	15
收購附屬公司 (減除銀行結存及現金等值)	Acquisition of subsidiaries (net of bank balances and cash equivalents acquired)	31	-	16
租賃土地及租金預付款項之增加	Increase in leasehold land and rental prepayments	19	(59)	(47)
租賃按金之減少	Decrease in rental deposits		1	16
銀行定期存款之(增加)/減少	(Increase)/decrease in bank time deposits	29	(100)	90
已收利息	Interest received		12	11
已收合營公司股息	Dividends received from joint ventures	16	33	35
投資業務之現金 (流出)/流入淨額	Net cash (outflow)/inflow from investing activities		(213)	38
融資業務：	Financing activities:			
發行股本所得款項	Proceeds from issue of share capital		2	3
已付非控制性權益股息	Dividends paid to non-controlling interests		(53)	(46)
已付股息	Dividends paid		(424)	(424)
新增銀行貸款	Addition of bank loans		298	-
融資業務之現金流出淨額	Net cash outflow from financing activities		(177)	(467)
現金及現金等值之增加	Increase in cash and cash equivalents		228	283
年初現金及現金等值結存	Cash and cash equivalents at the beginning of the year		939	688
現金及現金等值外幣匯率 變動之影響	Effect of foreign exchange rate changes on cash and cash equivalents		(11)	(32)
年終現金及現金等值結存	Cash and cash equivalents at the end of the year		1,156	939
現金及現金等值結存之分析	ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
現金及銀行結存	Cash and bank balances	29	1,393	1,076
減：存款日起三個月以上到期 之銀行定期存款	Less: Bank deposits with maturity over three months		(237)	(137)
			1,156	939

合併權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2016年12月31日止年度

For the year ended December 31, 2016

集團

GROUP

(以百萬港元為單位) (In HK\$ million)	本公司股東應佔權益 Attributable to shareholders of the Company										非控制性 權益 Non- controlling interests	權益總額 Total equity
	股本 Share capital	繳入盈餘 Contributed surplus	資本 贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權 儲備 Share options reserve	匯兌儲備 Exchange reserve	其他儲備 Other reserves	可供出售之金 融資產儲備 Available-for- sale financial asset reserve	滾存溢利 Retained profits	合計 Total		
於2016年1月1日 At January 1, 2016	79	383	3	918	22	(40)	74	-	1,351	2,790	176	2,966
本年度溢利 Profit for the year	-	-	-	-	-	-	-	-	434	434	54	488
其他綜合收益： Other comprehensive income:												
– 可供出售金融資產公允價值之變動 Fair value change on available- for-sale financial asset	-	-	-	-	-	-	-	22	-	22	-	22
– 海外附屬公司、合營公司 及分公司換算之匯兌調整 Exchange adjustment on translation of overseas subsidiaries, joint ventures and branches	-	-	-	-	-	(40)	-	-	-	(40)	5	(35)
總綜合收益 Total comprehensive income	-	-	-	-	-	(40)	-	22	434	416	59	475

合併權益變動表(續)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

截至2016年12月31日止年度
For the year ended December 31, 2016

集團 GROUP

	本公司股東應佔權益											權益總額
	Attributable to shareholders of the Company											
	股本	繳入盈餘	資本贖回儲備	股份溢價	購股權儲備	匯兌儲備	其他儲備	可供出售之金融資產儲備	滾存溢利	非控制性權益		
(以百萬港元為單位) (In HK\$ million)	Share capital	Contributed surplus	Capital redemption reserve	Share premium	Share options reserve	Exchange reserve	Other reserves	Available-for-sale financial asset reserve	Retained profits	合計	Non-controlling interests	Total equity
與所有者交易:												
Transactions with owners:												
儲備間撥轉												
Transfer among reserves	-	-	-	-	(9)	-	-	-	9	-	-	-
購股權計劃												
Share option scheme												
— 因行使購股權而發行之股份												
Shares issued upon exercise of share options	-	-	-	2	-	-	-	-	-	2	-	2
— 購股權費用												
Share option expense	-	-	-	-	1	-	-	-	-	1	-	1
非控制性權益股息												
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(53)	(53)
2015年末期股息(附註13(b))												
2015 final dividend (Note 13(b))	-	-	-	-	-	-	-	-	(228)	(228)	-	(228)
2016年中期股息(附註13(a))												
2016 interim dividend (Note 13(a))	-	-	-	-	-	-	-	-	(196)	(196)	-	(196)
本公司擁有人出資及向本公司擁有人分派總額												
Total contributions by and distributions to owners of the Company	-	-	-	2	(8)	-	-	-	(415)	(421)	(53)	(474)
與所有者總交易												
Total transactions with owners	-	-	-	2	(8)	-	-	-	(415)	(421)	(53)	(474)
於2016年12月31日												
At December 31, 2016	79	383	3	920	14	(80)	74	22	1,370	2,785	182	2,967

合併權益變動表(續)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

截至2016年12月31日止年度

For the year ended December 31, 2016

集團

GROUP

(以百萬港元為單位) (In HK\$ million)	本公司股東應佔權益 Attributable to shareholders of the Company									合計 Total	非控制性 權益 Non- controlling interests	權益總額 Total equity
	股本 Share capital	繳入盈餘 Contributed surplus	資本 贖回儲備 Capital redemption reserve	購股權 儲備 Share options reserve	匯兌儲備 Exchange reserve	其他儲備 Other reserves	可供出售之 金融資產儲備 Available-for- sale financial asset reserve	滾存溢利 Retained profits				
			股份溢價 Share premium	Share options reserve	Exchange reserve	Other reserves	Available-for- sale financial asset reserve	Retained profits				
於2015年1月1日 At January 1, 2015	78	383	3	916	22	67	95	-	1,346	2,910	174	3,084
本年度溢利 Profit for the year	-	-	-	-	-	-	-	-	426	426	54	480
其他綜合收益： Other comprehensive income:												
- 海外附屬公司、合營公司及 分公司換算之匯兌調整 Exchange adjustment on translation of overseas subsidiaries, joint ventures and branches	-	-	-	-	-	(107)	-	-	-	(107)	(14)	(121)
總綜合收益 Total comprehensive income	-	-	-	-	-	(107)	-	-	426	319	40	359

合併權益變動表 (續)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

截至2016年12月31日止年度
For the year ended December 31, 2016

集團 GROUP

(以百萬港元為單位) (In HK\$ million)	本公司股東應佔權益 Attributable to shareholders of the Company										非控制性 權益 Non- controlling interests	權益總額 Total equity
	股本 Share capital	繳入盈餘 Contributed surplus	資本 贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權 儲備			可供出售之 金融資產儲備 Available-for- sale financial asset reserve	滾存溢利 Retained profits	合計 Total		
					Share options	匯兌儲備 Exchange reserve	其他儲備 Other reserves					
與所有者交易： Transactions with owners:												
儲備間撥轉 Transfer among reserves	-	-	-	-	(3)	-	(2)	-	3	(2)	-	(2)
購股權計劃 Share option scheme												
- 因行使購股權而發行之股份 Shares issued upon exercise of share options	1	-	-	2	-	-	-	-	-	3	-	3
- 購股權費用 Share option expense	-	-	-	-	3	-	-	-	-	3	-	3
業務合併產生的非控制性權益 (附註31) Non-controlling interests arising on business combination (Note 31)	-	-	-	-	-	-	-	-	-	-	8	8
因收購附屬公司而產生之認估期 權益負債(附註31) Recognition of put option liability arising from acquisition of subsidiaries (Note 31)	-	-	-	-	-	-	(19)	-	-	(19)	-	(19)
非控制性權益股息 Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(46)	(46)
2014年末期股息(附註13(b)) 2014 final dividend (Note 13(b))	-	-	-	-	-	-	-	-	(228)	(228)	-	(228)
2015年中期股息(附註13(a)) 2015 interim dividend (Note 13(a))	-	-	-	-	-	-	-	-	(196)	(196)	-	(196)
本公司擁有人出資及向本公司 擁有人分派總額 Total contributions by and distributions to owners of the Company	1	-	-	2	-	-	(21)	-	(421)	(439)	(38)	(477)
與所有者總交易 Total transactions with owners	1	-	-	2	-	-	(21)	-	(421)	(439)	(38)	(477)
於2015年12月31日 At December 31, 2015	79	383	3	918	22	(40)	74	-	1,351	2,790	176	2,966

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

2016年12月31日
December 31, 2016

1. 一般資料

佐丹奴國際有限公司（「本公司」）及其附屬公司（統稱「本集團」）透過一個擁有約2,400間店舖並遍布30多個國家之零售網絡分銷及銷售Giordano及Giordano Junior、Giordano Ladies、BSX、其他規模較小之品牌及授權經營之非專有第三方品牌之時尚服裝。

本公司於1995年3月3日根據百慕達1981年公司法在百慕達註冊成立為受豁免有限責任公司。其註冊辦事處位於Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda。其香港主要營業地點位於香港九龍長沙灣道777-779號天安工業大廈5樓。本公司的證券於香港聯合交易所有限公司以第一市場上市（股份代號：709）。

除特別註明外，本合併財務報表以百萬港元為單位。此合併財務報表已於2017年3月9日獲董事會通過。

2. 主要會計政策

編製本合併財務報表採用的主要會計政策載於下文。除另有說明外，此等政策在所列報的所有年度內貫徹應用。

(a) 編製基準

本合併財務報表乃按照香港會計師公會（「香港會計師公會」）頒佈之有關香港財務報告準則（「香港財務報告準則」）編製。本合併財務表按照歷史成本法編製，再重估可供出售金融資產，於損益賬按公允值處理之金融資產以及衍生金融工具之公允值計量而作出修訂。

在遵照香港財務報告準則編製財務報表時需要運用一些重要會計估計。管理層亦需要在應用本集團之會計政策時作出判斷。一些需要高度判斷或涉及複雜範疇，或對合併財務報表有重大影響之假設和估計於附註4披露。

1. GENERAL INFORMATION

Giordano International Limited (the "Company") and its subsidiaries (together the "Group") distribute and sell fashion apparel under the brand names of *Giordano* and *Giordano Junior*, *Giordano Ladies*, *BSX*, other less significant brands and non-proprietary third party brands under license through an extensive network with approximately 2,400 shops spanning over 30 countries.

The Company was incorporated in Bermuda on March 3, 1995 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda. The address of its principal place of business in Hong Kong is 5th Floor, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Kowloon, Hong Kong. The Company has its primary listing on The Stock Exchange of Hong Kong Limited (stock code: 709).

The consolidated financial statements have been presented in million of units of Hong Kong dollars (HK\$ million) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on March 9, 2017.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial asset, financial asset at fair value through profit or loss and derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策(續)

(b) 新增及經修改之準則的影響

本集團應用以下之修改準則，並於2016年1月1日或之後開始之本集團財政年度生效。

- 收購共同營運權益的入賬－香港財務報告準則第11號的修改；
- 澄清折舊和攤銷的可接受方法－香港會計準則第16號及香港會計準則第38號的修改；
- 香港財務報告準則2012-2014週期的年度改進；及
- 披露倡議－香港會計準則第1號的修改。

採納該等修改對當期和任何前期並無影響，且不大可能會對未來期間產生影響。

(c) 尚未採納的新準則和解釋

多項新準則和準則的修改及解釋在2016年1月1日後開始的年度期間生效，但未在本合併財務報表中應用。此等準則、修改和解釋預期不會對本集團的合併財務報表造成重大影響，惟以下列載者除外：

香港財務報告準則第15號「與客戶之間的合同產生的收入」

香港會計師公會已發布收入確認的新準則。此將取代香港會計準則第18號(涵蓋出售貨品和提供服務產生的收入)和香港會計準則第11號(涵蓋建造合同)。新準則的原則為收入于貨品或服務的控制權轉移至客戶時確認。此準則容許全面追溯採納或經修改追溯方式採納。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Impact of new and amended standards

The Group has adopted the following amended standards which are effective for the Group's financial year beginning on or after January 1, 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to HKFRS 11;
- Clarification of acceptable methods of depreciation and amortization – Amendments to HKAS 16 and HKAS 38;
- Annual improvements to HKFRSs 2012-2014 cycle; and
- Disclosure initiative – amendments to HKAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(c) New standards and interpretations not yet adopted

A number of new standards and amendments and interpretations are effective for annual periods beginning after January 1, 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following:

HKFRS 15, "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策（續）

(c) 尚未採納的新準則和解釋（續）

香港財務報告準則第15號「與客戶之間的合同產生的收入」（續）

管理層現評估應用新準則對集團合併財務報表的影響。現階段，本集團未能估計新準則對集團合併財務報表的影響。香港財務報告準則第15號必須在2018年1月1日或之後開始的財政年度採納。目前，本集團預計不會在生效日期前採納此準則。

香港財務報告準則第16號「租賃」

香港財務報告準則第16號「租賃」將導致差不多所有租賃在資產負債表內確認，因經營租賃與融資租賃的劃分已被刪除。根據該新準則，資產（該租賃項目的使用權）與支付租金的金融負債要被確認。唯一例外者為短期和低價值租賃。

此準則將主要影響集團經營租賃的會計處理。於報告日期，集團有不可取消的經營租賃承擔15.44億港元（見附註32）。然而，集團仍未釐定該等承擔將導致資產和負債就未來付款確認的程度，以及將如何影響集團的利潤和現金流量分類。

此新準則必須在2019年1月1日或之後開始的財政年度採納。目前，本集團預計不會在生效日期前採納此準則。

沒有其他尚未生效的香港財務報告準則或香港（國際財務報告解釋委員會）一解釋公告預期會對本集團有重大影響。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) New standards and interpretations not yet adopted (continued)

HKFRS 15, “Revenue from contracts with customers” (continued)

Management is currently assessing the effects of applying the new standard on the Group’s consolidated financial statements. At this stage, the Group is not able to estimate the impact of the new rules on the Group’s consolidated financial statements. HKFRS 15 is mandatory for financial years starting on or after January 1, 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, “Leases”

HKFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$1,544 million, see Note 32. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

The new standard is mandatory for financial years commencing on or after January 1, 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. 主要會計政策(續)

(d) 附屬公司

(i) 合併賬目

附屬公司為本集團控制之實體(包括結構性實體)。當本集團對參與實體業務之浮動回報承擔風險或享有權利以及能透過對實體之權力影響該等回報時,即取得控制權。附屬公司在控制權轉移至本集團之日全面合併入賬。附屬公司在控制權終止之日起停止合併入賬。

業務合併

本集團利用購買法將業務合併入賬。購買一子公司所轉讓的對價,為所轉讓資產、對被收購方的前所有人產生的負債,及本集團發行的股本權益的公允價值。所轉讓的對價包括或有對價安排所產生的任何資產和負債的公允價值。在業務合併中所購買可辨認的資產以及所承擔的負債及或有負債,首先以彼等於購買日期的公允價值計量。

本集團按個別收購基準,確認在被購買方的任何非控制性權益。被購買方的非控制性權益為現時的擁有權權益,並賦予持有人一旦清盤時按比例應佔主體的淨資產,可按公允價值或按現時擁有權權益應佔被收購方可識別淨資產的確認金額比例而計量。非控制性權益的所有其他組成部分按收購日期的公允價值計量,除非香港財務報告準則規定必須以其他計量基準計算。

收購相關成本於產生時列為開支。

倘業務合併分階段進行,收購方過往於被收購方持有之股權按於收購日期之公允值透過損益重新計量。上述重新計量時出現之收益及虧損均於收益表內確認。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策（續）

(d) 附屬公司（續）

(i) 合併賬目（續）

業務合併（續）

所轉讓對價、被收購方任何非控制性權益及被收購方任何過往股權於收購日期之公允值超出所收購資產淨值公允值之差額乃作為商譽列賬。若在折扣收購之情況下，所轉讓對價、已確認非控制性權益及已計量之過往持有權益少於所收購附屬公司之資產淨值公允值，差額直接於合併利潤表內確認。

集團內公司之間的交易、結餘及交易之未變現利得予以對銷。未變現損失亦予以對銷，除非該交易為所交易資產之減值提供憑據。附屬公司之會計政策在需要情況下已作修訂，以確保與本集團所採納之政策一致。

不導致失去控制權的附屬公司權益變動

本集團將其與非控制性權益進行不導致失去控制權的交易入賬為權益交易—即與所有者以其作為所有者身份進行的交易。所支付任何對價的公允價值與相關應佔所收購附屬公司淨資產賬面值的差額記錄為權益。向非控制性權益的處置的盈虧亦記錄在權益中。

出售附屬公司

當集團不再持有控制權或重大影響力，在實體的任何保留權益重新計量至公允值，賬面值的變動在損益中確認。公允值為就保留權益的後續入賬而言為聯營公司、合營公司或金融資產的初始賬面值。此外，之前在其他綜合收入中確認與該實體有關的任何金額猶如本集團已直接出售相關資產和負債般入賬。這可能表示之前在其他綜合收入中確認的數額重新分類至損益。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries (continued)

(i) Consolidation (continued)

Business combination (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Change in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策(續)

(d) 附屬公司(續)

(ii) 獨立財務報表

附屬公司投資按成本扣除減值列賬。成本亦包括投資的直接歸屬成本。子公司的業績由本公司按已收及應收股息入賬。

如股息超過宣派股息期內附屬公司的總綜合收益，或如在獨立財務報表的投資帳面值超過合併財務報表中被投資公司淨資產(包括商譽)的帳面值，則必須對附屬公司投資作減值測試。

(e) 合營安排

本集團應用香港財務報告準則11於所有合營安排。根據香港財務報告準則11，在合營安排的投資分類為共同經營或合營公司，視乎每名投資者擁有的合同權利和義務。本公司已評估其合營安排的性質，並釐定其為合營公司。合營公司使用權益法入賬。

根據權益法，合營公司權益初步以成本確認，其後經調整在其他綜合收益中確認集團享有利潤或虧損的收購後份額和變動。當集團享有某一合營公司的虧損超過或相等於在該合營公司的權益(包括任何實質上構成集團在該合營淨投資的長期權益)，則集團不確認進一步虧損，除非集團已產生義務或已代合營公司付款。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries (continued)

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost, less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(e) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor have. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策（續）

(e) 合營安排（續）

集團與其合營公司之間的未變現交易利得按集團在該等合營公司的權益予以對消。未變現虧損也予以對消，除非交易提供證據證明所轉讓的資產出現減值。合營公司的會計政策如有需要已改變以符合集團採納的政策。

(f) 分部報表

營運分部報告要與向高級決策者匯報之內部報告一致。高級決策者是負責營運分部的資源分配及表現評估，被甄選為董事及高級管理層，以作出策略的決定。

(g) 外幣換算

(i) 功能性及呈列貨幣

本集團內各企業的財務報表內的項目均以該企業經營之主要經濟環境之通行貨幣（「功能性貨幣」）計量。合併財務報表以港元呈列（HK\$），而該貨幣為本公司的功能性及本集團的呈列貨幣。

(ii) 交易及結餘

外幣交易採用交易或項目重新計量的估值日期的匯率換算為功能貨幣。上述交易結算過程中以及按年終兌換匯率換算以外幣為單位之貨幣性資產和負債時出現的匯兌收益及虧損均於合併利潤表中確認。

非貨幣性金融資產及負債（例如以公允價值計量且其變動計入損益的權益）的折算差額列報為公允價值利得和損失的一部份。非貨幣性金融資產及負債（例如分類為可供出售的權益）的折算差額包括在其他綜合收益中。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Joint arrangements (continued)

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior decision-makers. The senior decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the directors and senior management that make strategic decisions.

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars (HK\$), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2. 主要會計政策(續)**(g) 外幣換算(續)****(iii) 集團公司**

所有本集團之公司若其功能性貨幣與呈列貨幣不同(各公司均無極高通脹經濟之貨幣)，其業績及財務狀況均按以下方法換算為呈列貨幣：

- 每份呈列於資產負債表之資產及負債均以該資產負債表結算日之收市匯率換算；
- 每份利潤表之收入及支出項目乃按平均匯率換算(除非該平均匯率對交易日通行匯率之累計影響並非一個合理的接近匯率；在此情況下，收入及支出乃按交易當日的匯率換算)；及
- 所有兌換差異乃於其他綜合收益中確認。

購買境外主體產生的商譽及公允價值調整視為該境外主體的資產和負債，並按期末匯率換算。產生的匯兌差額在其他綜合收益中入賬。

(iv) 境外經營的處置

對於境外經營的處置(即處置集團在境外經營中的全部權益，或者處置涉及喪失對擁有境外經營的子公司的控制權，或涉及喪失對擁有境外經營的合營公司的合營權，或涉及喪失對擁有境外經營的聯營企業的控制權)，就該項經營累計計入權益的歸屬於公司權益持有者的所有匯兌差額均重分類至損益。

2. PRINCIPAL ACCOUNTING POLICIES (continued)**(g) Foreign currency translation (continued)****(iii) Group companies**

The results and financial position of all the group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at balance sheet date;
- income and expenses for each income statement are translated at average exchange rates (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the exchange rate on transaction dates); and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

(iv) Disposal of foreign operation

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策(續)

(h) 物業、機器及設備

樓宇、租賃物業裝修及其他固定資產以成本值扣除累積折舊及累積減值虧損列賬。成本值指資產之購買價及將資產達至現行用途之其他有關費用。

僅在與該項目相關之未來經濟效益有可能歸於本集團及能可靠地計算出該項目成本之情況下，其後之成本才會包括於資產賬面值或確認為獨立之資產(如適用)。已更換零件的賬面值已被終止確認。所有其他維修及保養支出於其產生之財務期內計入合併利潤表。

物業、機器及設備之折舊乃以資產成本值按其估計於本集團可使用年期以直線方式撇銷如下：

- 永久業權之土地不作攤銷。
- 位於永久業權土地上之樓宇是按估計可使用年期，以其完成日不多於50年計算。
- 位於租賃土地上之樓宇是按估計剩餘租賃年期或其估計可使用年期，以完成日不多於50年計算，兩者之較短者折舊。
- 廠房及機器 5年
- 其他物業及設備 3至5年

於每個結算日，資產之剩餘價值及可使用年期，會於適當情況重新審閱及作出調整。

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回金額。

出售物業、機器及設備之收益或虧損是指出售淨收益與有關資產賬面金額之差額，並於合併利潤表內列賬。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

Buildings, leasehold improvements and other fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost over their estimated useful lives, as follows:

- Freehold land is not amortized.
- Buildings situated on freehold land are depreciated over their estimated useful lives, being no more than 50 years after the date of completion.
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease or their estimated useful lives, being no more than 50 years after the date of completion.
- Plant and equipment 5 years
- Other property and equipment 3 - 5 years

Assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the consolidated income statement.

2. 主要會計政策(續)**(i) 商譽**

商譽產生自收購子公司、聯營公司及合營公司，並相當於所轉讓對價，被收購方的非控制性權益金額以及享有的被收購方過往的權益在收購日的公允價值超過本集團獲得的被收購方的可辨認淨資產公允價值的數額。

就減值測試而言，在業務合併中購入的商譽會分配至每個現金產出單元或現金產出單元組(預期可從合併中獲取協同利益)。商譽被分配的每個單元或單元組指在主體內商譽被監控作內部管理用途的最底層次。商譽在經營分部層次進行監控。

對商譽的減值檢討每年進行，或如事件或情況轉變顯示可能存在減值，則更頻密地檢討。商譽賬面值與可收回數額(使用價值與公允價值減出售成本較高者)比較。任何減值須即時確認為支出及不得在之後期間撥回。

(j) 非金融資產減值

使用壽命不限定的資產或尚未可供使用的資產無需攤銷，但每年須就減值進行測試。須作攤銷的資產，當有事件出現或情況改變顯示賬面值可能無法收回時就進行減值檢討。減值虧損按資產的賬面值超出其可收回金額的差額確認。可收回金額以資產的公允價值扣除銷售成本或使用價值兩者之間較高者為準。於評估減值時，資產按可分開辨認現金流量(現金產出單元)的最低層次組合。除商譽外，已蒙受減值的非金融資產在每個報告日期均就減值是否可以轉回進行檢討。

2. PRINCIPAL ACCOUNTING POLICIES (continued)**(i) Goodwill**

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred, the amount of non-controlling interest in the acquire and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the net identifiable assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策（續）

(k) 金融資產

分類

本集團將其金融資產分類為以下類別：按公允價值透過損益記賬、貸款及應收款，以及可供出售。分類視乎購入金融資產之目的。管理層在初始確認時釐定金融資產的分類。

(i) 按公允價值透過損益記賬的金融資產

按公允價值透過損益記賬的金融資產指持有作買賣用途的金融資產。金融資產若在購入時主要用作在短期內出售，則分類為此類別。衍生工具除非被指定為套期，否則亦分類為持作買賣用途。在此類別的資產假若預期在12個月內結算，分類為流動資產；否則分類為非流動資產。

(ii) 貸款及應收款

貸款及應收款為有固定或可釐定付款額且沒有在活躍市場上報價的非衍生金融資產。此等項目包括在流動資產內，但若到期日由結算日起計超過12個月者，則分類為非流動資產。貸款及應收款列在資產負債表中「應收賬款及其他應收款」與「現金及銀行結存」內。

(iii) 可供出售金融資產

可供出售金融資產為被指定作此類別或並無分類為任何其他類別的非衍生工具。除非投資到期或管理層有意在報告期末後12個月內處置該投資，否則此等資產列在非流動資產內。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified in this category as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and bank balance" in the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2. 主要會計政策(續)

(k) 金融資產(續)

確認及計量

常規購買及出售的金融資產在交易日確認—交易日指本集團承諾購買或出售該資產之日。對於以公允價值計量但其變動並非計入損益的所有金融資產，其投資初始按其公允價值加交易成本確認。以公允價值計量且其變動計入損益的金融資產，初始按公允價值確認，而交易成本則在合併利潤表支銷。當從投資收取現金流量的權利已到期或已轉讓，而本集團已實質上將所有權的所有風險和報酬轉讓時，金融資產即終止確認。可供出售金融資產及以公允價值計量且其變動計入損益的金融資產其後按公允價值列賬。貸款及應收款項其後利用實際利率法按攤銷成本列賬。

「以公允價值計量且其變動計入損益的金融資產」類別的公允價值變動所產生的利得或損失，於其產生的期間呈列在合併利潤表的「其他收入及其他收益，淨額」內。以公允價值計量且其變動計入損益的金融資產的股利收入，當集團收取款項的權利確定時在合併利潤表中確認為部分其他收入。

分類為可供出售的貨幣性及非貨幣性證券的公允價值變動在其他綜合收益中確認。

當分類為可供出售的證券售出或減值時，在權益中確認的累計公允價值調整列入合併利潤表內作為「投資證券的利得和損失」。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Financial assets (continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the consolidated income statement within “Other income and other gains, net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated income statement as part of other income when the Group’s right to receive payment is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated income statement as “gains and losses from investment securities”.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策（續）

(I) 金融資產減值

(i) 以攤銷成本列賬的資產

本集團於每個報告期末評估是否存在客觀證據證明某一金融資產或某一金融資產組出現減值。只有當存在客觀證據證明於因為首次確認資產後發生一宗或多宗事件導致出現減值（「損失事項」），而該宗（或該等）損失事項對該項或該組金融資產的估計未來現金流量構成的影響可以合理估計，有關的金融資產或金融資產組才算出現減值及產生減值虧損。

減值虧損的證據可包括債務人或一組債務人遇上嚴重財政困難、逾期或拖欠償還利息或本金、債務人很有可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流有可計量的減少，例如與違約有相互關連的拖欠情況或經濟狀況改變。

對於貸款及應收款類別，損失金額乃根據資產賬面值與按金融資產原實際利率貼現而估計未來現金流量（不包括仍未產生的未來信用損失）的現值兩者的差額計量。資產賬面值予以削減，而損失金額則在合併利潤表確認。如貸款或持有至到期投資有浮動利率，計量任何減值損失的貼現率為按合同釐定的當前實際利率。在實際應用中，集團可利用可觀察的市場價格，按工具的公允價值計量減值。

如在後繼期間，減值虧損的數額減少，而此減少可客觀地聯繫至減值在確認後才發生的事件（例如債務人的信用評級有所改善），則之前已確認的減值虧損可在合併利潤表轉回。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(I) Impairment of financial assets

(i) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held- to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2. 主要會計政策(續)**(l) 金融資產減值(續)****(ii) 可供出售資產**

本集團在每個報告期末評估是否有客觀證據證明某一金融資產或某一金融資產組已經減值。至於分類為可供出售的權益投資，證券公允價值的大幅度或長期跌至低於其成本值，亦是證券已經減值的證據。在此等證據，累計虧損—按購買成本與當時公允價值的差額，減該金融資產之前在損益確認的任何減值虧損計算—自權益中剔除並在損益中記賬。在合併利潤表確認的權益工具的減值虧損不會透過單獨的合併利潤表轉回。

(m) 存貨

存貨按成本值與可變現淨值兩者中之較低者入賬。成本值乃按加權平均之基準。購入貨品成本發票價加採購成本計算。

可變現淨值乃存貨在正常業務情況下之預計售價扣除變賣費用。

(n) 應收賬款及其他應收款

應收賬款為在日常經營活動中就商品銷售或服務執行而應收客戶的款項。如應收賬款及其他應收款的收回預期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動資產；否則分類為非流動資產。

應收賬款及其他應收款以公允價值為初始確認，其後利用實際利率法按攤銷成本扣除減值準備計量。

2. PRINCIPAL ACCOUNTING POLICIES (continued)**(l) Impairment of financial assets (continued)****(ii) Assets classified as available for sale**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

(m) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis. Cost of purchased goods is invoiced prices plus procurement costs.

Net realizable value is the estimated selling price at which inventories can be sold in the normal course of business, less applicable variable selling expenses.

(n) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策（續）

(o) 現金及現金等值

於合併現金流量表，現金及現金等值包括手頭現金、銀行通知存款、其他短期高度流通和於三個月內到期之投資及銀行透支。銀行透支於合併資產負債表流動負債之銀行貸款內呈列。

(p) 股本

普通股被分類為權益。直接歸屬於發行新股或期權的新增成本在權益中列為所得款的減少（扣除稅項）。

(q) 應付賬款

應付賬款為在日常經營活動中購買商品或服務而應支付的債務。如應付款的支付日期在一年或以內（如仍在正常經營週期中，則可較長時間），其被分類為流動負債；否則分類為非流動負債。

應付賬款以公允價值為初始確認，其後利用實際利率法按攤銷成本計量。

(r) 銀行貸款

銀行貸款按公允價值並扣除產生的交易費用為初始確認，其後按攤銷成本列賬；所得款（扣除交易成本）與贖回價值的任何差額利用實際利率法於借款期間內在合併利潤表確認。

除非本集團可無條件將負債的結算遞延至結算日後最少12個月，否則借款分類為流動負債。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(o) Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within bank loans in current liabilities on the consolidated balance sheet.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(r) Bank loans

Bank loans are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the bank loans using the effective interest method.

Bank loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. 主要會計政策(續)**(s) 認沽期權安排**

與本集團就子公司的權益而發行的認沽期權，當該等期權或只可以固定現金款額或另一項金融資產交換子公司固定數量股份作為結算時，其有關的潛在現金付款列為金融負債。根據該期權或須支付的應付款，初步按公允價值確認，而相應數額則直接在權益中扣除。

集團確認此等認沽期權的發出成本，釐定為期權的公允價值超過任何收取對價的數額作為融資成本。隨後於各結算日，因預期表現之改變，簽出認沽期權負債將重新計量至公允價值，所產生的任何收益或虧損將於合併利潤表中確認。產生的扣除額記錄為融資成本。如期權未經行使而到期，負債剔除確認，相應金額在權益中調整。

(t) 借貸成本

所有借貸成本於發生期間內於合併利潤表支銷，除非此等成本直接歸屬於收購、建造或生產資產，而該資產需要長時間達至其預設用途或用作出售，才可作資本化。

(u) 當期及遞延稅項**(i) 當期稅項**

本期間的稅項支出包括當期和遞延稅項。稅項在合併利潤表中確認，但與在其他綜合收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他綜合收益或直接在權益中確認。

2. PRINCIPAL ACCOUNTING POLICIES (continued)**(s) Put option arrangements**

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The amount that may become payable under the option on exercise is initially recognized at fair value with a corresponding charge directly to equity.

The Group recognizes the cost of writing such put options, determined as the excess of the fair value of the option over any consideration received, as a financing cost. Such options are subsequently re-measured at fair value as a result of the change in the expected performance at each balance sheet date, with any resulting gain or loss recognized in the consolidated income statement. The charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognized with a corresponding adjustment to equity.

(t) Borrowing costs

Borrowing costs are expensed in the consolidated income statement in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

(u) Current and deferred tax**(i) Current tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策（續）

(u) 當期及遞延稅項（續）

(i) 當期稅項（續）

當期所得稅支出根據本公司的附屬公司及產生應課稅收入的國家於資產負債表日已頒佈或實質上已頒佈的稅務法例計算。管理層就適用稅務法例解釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定準備。

(ii) 遞延稅項

內在差異

遞延所得稅利用負債法確認資產和負債的稅基與資產和負債在合併財務報表的賬面值的差額而產生的暫時性差異。然而，若遞延所得稅負債來自對商譽的初始確認，以及若遞延所得稅來自在交易（不包括業務合併）中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅利潤或損失，則不作記賬。遞延所得稅採用在資產負債表日前已頒佈或實質上已頒佈，並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用的稅率（及法例）而釐定。

遞延所得稅資產是就很可能有未來應課稅利潤而就此可使用暫時性差異而確認。

外在差異

遞延稅項就附屬公司、聯營公司及共同控制實體之權益產生的暫時性差異而準備，但假若本集團可以控制暫時性差異的轉回時間，而暫時性差異在可預見將來很可能不會轉回則除外。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(u) Current and deferred tax (continued)

(i) Current tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on interests in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. 主要會計政策(續)**(u) 當期及遞延稅項(續)****(ii) 遞延稅項(續)****外在差異(續)**

遞延所得稅資產於附屬公司、聯營公司及共同安排所產生之可扣減短期差額中確認，惟該短期差額須將有可能在日後撥回，且有足夠應課稅溢利供有關短期差額所用。

(iii) 抵銷

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅主體或不同應課稅主體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

(v) 僱員福利**(i) 退休金責任**

除台灣之退休計劃安排外，本集團為所有合資格的僱員實行界定供款計劃及(如適用)參與中央界定供款公積金計劃。界定供款計劃之資產與本集團之資產分開持有，並由獨立基金管理。僱主與僱員雙方均須就該等計劃作供款，而供款額乃取決於僱員薪金之百分比，最高為20%。

本集團就該界定供款計劃及強制性公積金計劃所作出之供款在發生時作為費用支銷，而員工在取得全數既得之利益前退出計劃而被沒收之僱主供款將會用作扣減此供款。本集團於作出供款後，便再無其他付款的責任。

集團全資附屬公司之台灣分公司依據台灣勞動基準法條例參與「確定給付制」之退休金計劃(「舊制」)；同時，自2005年7月1日起，依據台灣勞工退休金條例參與「確定提撥制」之退休金計劃(「新制」)。

2. PRINCIPAL ACCOUNTING POLICIES (continued)**(u) Current and deferred tax (continued)****(ii) Deferred tax (continued)****Outside basis differences (continued)**

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) Employee benefits**(i) Pension obligations**

Except for the pension scheme arrangements in Taiwan, the Group operates defined contributions schemes and, if applicable, participates in central defined contribution provident fund schemes for all qualified employees. The assets of the said schemes are held by independently administered funds separated from those of the Group. Contributions to these schemes are made by both the employers and employees at rates up to 20% on the employees' salaries.

The Group's contributions to the defined contribution plans and mandatory provident fund scheme are expensed as incurred and, if applicable, are reduced by contributions forfeited by those employees who leave the scheme or the plan prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been made.

The branches of wholly-owned subsidiaries of the Group in Taiwan have a defined benefit scheme ("Old Scheme") governed by the Labor Standard Law and a defined contribution scheme ("New Scheme") governed by the Labor Pension Act which became effective on July 1, 2005.

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策(續)

(v) 僱員福利(續)

(i) 退休金責任(續)

在舊制下，本集團有責任確保有足夠的資金支付員工之退休金包含在新制實施前舊年資應保留之退休金及選擇繼續參與舊制的員工之隨後年資，台灣分公司現行按參與員工薪金總額之2%提撥退休金，此提撥比率是經相關政府單位批准的，舊制的退休金資產乃是由台灣銀行投資。

在新制下，台灣分公司依據參與新制的員工之每月薪金，按月提撥6%的退休金，最高提撥上限為9,000元台幣，並存入員工於勞工保險局之個人賬戶內。

(ii) 以股份支付的補償

本集團設有一項以股權結算、以股份支付之補償計劃。本集團就授出購股權而取得僱員服務之公允值被確認並列作開支。購股權歸屬期間之支銷總額乃參考已授出購股權之公允值而釐定，惟不計及任何非市場歸屬情況之影響(例如盈利能力及銷售增長目標)。非市場歸屬情況包括於預期可予行使之購股權數目之假設內。於各結算日，本集團均會修訂其估計預期可予行使之購股權之數目。修訂原來估計數字如有影響，則於合併利潤表內確認，以及在餘下歸屬期間對股東權益作相應調整。

當購股權獲行使時，已收取所得款項於扣除任何直接交易成本後均列入股本(面值)及股份溢價中。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(v) Employee benefits (continued)

(i) Pension obligations (continued)

Under the Old Scheme, the Group has an obligation to ensure that there are sufficient funds in the scheme to pay the benefits earned for the service years of all employees before the New Scheme was effective and the subsequent service years of employees who chose to continue to participate in the Old Scheme. The branches currently contribute at 2% of the total salaries of participating employees as determined and approved by the relevant government authorities. The assets of the Old Scheme are invested by the Bank of Taiwan.

Under the New Scheme, the branches contribute each month at 6% of the salary of employees, with a cap of NTD9,000 who choose to participate in the New Scheme into individual pension accounts at the Bureau of Labor Insurance.

(ii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2. 主要會計政策(續)**(w) 撥備**

當本集團對已發生的事件須承擔法律性或推定性的責任，則會確認撥備，而解除該責任時可能有資源之流出，並可確實地估計該數額。

(x) 收入確認

收入按已收或應收對價的公允價值計量，並相當於供應貨品的應收款項，扣除折扣、回扣、退貨和增值稅後列帳。當收入的金額能夠可靠計量；當未來經濟利益很可能流入有關主體；及當本集團每項活動均符合具體條件時(如下文所述)，本集團便會將收入確認。本集團會根據退貨往績並考慮客戶類別、交易種類和每項安排的特點作出估計。

(i) 產品銷售－零售

貨品之銷售於出售產品予客戶時確認。零售銷售通常以現金或信用卡結算；而紀錄之收益為銷售總額，其中未扣減交易中應付的信用卡費用；此等費用包括在分銷成本中。銷售是已減去退貨，回扣及折扣。

(ii) 產品銷售－分銷

貨品之銷售收益在貨品付運予客戶，而客戶已接納該貨品及有關應收款項已合理地確定收到時確認。

(iii) 利息收入

利息收入根據尚未償還之本金及適用之利率，按時間比例使用實際利率法確認。

(iv) 特許權收入

特許權收入按照相關協議之實質以應計基準確認。

2. PRINCIPAL ACCOUNTING POLICIES (continued)**(w) Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(x) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, rebates, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods – retail

Sales of goods are recognized when products are sold to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sales, before netting off credit card fees payable for the transactions. Such fees are included in distribution costs. Revenue is shown net of returns, rebates and discounts.

(ii) Sales of goods – wholesale

Sales of goods are recognized when products are delivered to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(iii) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method, taking into account the principal amount outstanding and the interest rates applicable.

(iv) Royalty income

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

2. 主要會計政策（續）

(x) 收入確認（續）

(v) 股息收入

股息收入於擁有權利收取股息時確認。

(vi) 租金收入

租金收入乃按租賃年期以直線法入賬。

(y) 租賃（作為承租人）

經營租賃

凡出租人將保留擁有資產之大部分回報及風險之資產租賃，皆列為經營租賃。經營租賃之租金在租賃期內以直線法於合併利潤表內支銷。

(z) 派息

向本公司股東派發之股息，於批准派息的財務期間被確認為本集團財務報表中的一項負債。

3. 財務風險管理

(a) 財務風險因素

本集團的業務承受多種的財務風險：匯兌風險、信貸風險、流動資金風險、現金流量利率風險及價格風險。本集團整體風險管理計劃尋求將對本集團財務表現有不良影響之潛在風險減至最低。如需要時，本集團會使用金融衍生工具管理若干所面對的風險。

(i) 匯兌風險

本集團國際營運業務面對之匯兌風險來自商業交易、已確認之資產及負債和海外業務投資淨額。匯兌風險主要來自未來商業交易或以本集團實體的功能性貨幣以外的貨幣計值的已確認貨幣資產及負債。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(x) Revenue recognition (continued)

(v) Dividend income

Dividend income is recognized when the right to receive payment is established.

(vi) Rental income

Rental income is recognized on a straight-line basis over the lease term.

(y) Leases (as the lessee)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rental payments applicable to such operating leases are charged to the consolidated income statement on the straight-line basis over the lease periods.

(z) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities exposed it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash flow interest rate risk and price risk. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage certain risk exposure when necessary.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from commercial transactions, recognized assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

3. 財務風險管理(續)**(a) 財務風險因素(續)****(i) 匯兌風險(續)**

於年結時，集團的匯兌風險來自以人民幣計價的採購但以有關實體在當地貨幣作銷售價格。已確認之資產及負債之匯兌風險對本集團之影響不大，因本集團之各有關實體一般皆準時結算以非功能貨幣作交易單位之結餘，而使於結算日時未償付的外幣結餘極少。

為管理來自商業交易和已確認之資產及負債的匯兌風險影響，當預期有關貨幣會有重大浮動時，本集團將可能訂立遠期外匯兌換合約。

本集團擁有若干海外業務投資，其淨資產易受外匯換算風險。

(ii) 信貸風險

本集團之信貸風險主要來自銀行存款、應收賬款及其他應收款、租賃按金、及應收關聯人士款項。該等結餘之賬面值為本集團就金融資產所面對的最高信貸風險。於2016年12月31日，所有銀行存款均存於優質財務機構，並無重大信貸風險。

零售銷售一般透過現金、普及信用卡或有信譽及分散之百貨公司付款。本集團僅與具備良好信貸記錄之批發客戶進行信貸銷售，信貸期為30-60日。

3. FINANCIAL RISK MANAGEMENT (continued)**(a) Financial risk factors (continued)****(i) Foreign exchange risk (continued)**

As at year end, the foreign exchange risk of the Group mainly arises from purchases from a Renminbi-based supply chain and sales proceeds in local currencies of the relevant group entities. Foreign exchange risk arising from recognized assets and liabilities is considered to be insignificant. This is due to the balances denominated in currencies other than the functional currency of the relevant group entity are generally settled promptly leaving minimal outstanding foreign currency position as at the balance sheet date.

To manage foreign exchange risk arising from commercial transactions, recognized assets and liabilities, companies in the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

(ii) Credit risk

The credit risk of the Group mainly arises from balances with bank, trade and other receivables, rental deposits and amounts due from related parties. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. As at December 31, 2016, all the bank deposits are deposited in the high quality financial institutions without significant credit risk.

Retail sales are usually made in cash, through popular credit cards or through reputable and dispersed department stores. The Group's credit sales are only made to wholesale customers with an appropriate credit history and on credit terms of 30-60 days.

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

3. 財務風險管理(續)

(a) 財務風險因素(續)

(ii) 信貸風險(續)

下表呈列於2016年及2015年12月31日之主要債務人。

(以百萬港元為單位)	(In HK\$ million)	集團 Group	
		2016	2015
訂約方：	Counterpart:		
百貨公司	Department stores	181	200
加盟商	Franchisees	73	64
應收信用卡賬款	Credit card receivables	17	9
其他	Others	3	2
應收賬款(附註21)	Trade receivables (Note 21)	274	275
業主	Landlords	212	215
		486	490

此等訂約方於過往並無壞賬記錄。本集團並無持有由業主發出之銀行擔保(2015:無)。

These counterparts have no default history in the past. The Group holds nil bank guarantees (2015: nil) from landlords.

(iii) 流動資金風險

本集團透過維持充裕銀行融資以及來自經營現金流量及融資現金流量的現金及現金等值物，來控制流動資金風險。

本集團於2016年12月31日之全部財務負債均於一年內到期。除授出認股期權負債於一年後到期外，本集團及本公司於2016年12月31日之全部財務負債均於一年內到期。

(iii) Liquidity risk

The liquidity risk of the Group is controlled by maintaining sufficient banking facilities and cash and cash equivalents, which is generated from the operating cash flow and financing cash flow.

As at December 31, 2016, all of the Group's financial liabilities are due within one year. As at December 31, 2016, except for the Group's put option liability which is due after one year, all of the Group's and Company's financial liabilities are due within one year.

3. 財務風險管理(續)**(a) 財務風險因素(續)****(iv) 現金流量利率風險**

除銀行存款13.93億港元(2015年: 10.76億港元)及短期銀行貸款2.98億港元(2015年: 零), 本集團並無其他重大計息資產及負債。以浮動息率計息之銀行存款及短期銀行借貸令本集團面對現金流量利率風險, 惟該等風險對本集團之影響並不重大。本集團之收入及經營現金流量大致上不受市場利率變動影響。管理層預期來自利率變動的影響並不重大。

(b) 資金管理風險

本集團的資金管理目標, 是保障本集團能持續營運之能力, 以及為股東提供最大回報及為持份者獲益。

為優化資本結構, 本集團可能會增加長期借貸、調整派付予股東的股息金額、向股東發還資本及發行新股。

(c) 價格風險

本集團面臨股本價格風險, 此乃由於本集團所持有之投資於合併資產負債表中被歸類為可供出售或於損益賬按公允值處理之金融資產所致。

倘本集團可供出售之金融資產及於損益賬按公允值處理之金融資產之公允值各改變5%, 且其他可變因素均維持不變, 則本集團截至2016年12月31日止年度之權益將增加/減少176萬港元(2015年: 65萬港元)及淨溢利將增加/減少140萬港元(2015年: 140萬港元)。

3. FINANCIAL RISK MANAGEMENT (continued)**(a) Financial risk factors (continued)****(iv) Cash flow interest rate risk**

Except for the bank balance of HK\$1,393 million (2015: HK\$1,076 million) and short-term bank loan of HK\$298 million (2015: Nil); the Group has no other significant interest-bearing assets and liabilities. The bank balance and short-term bank borrowings at floating rate expose the Group to cash flow interest rate risk which is insignificant to the Group. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the changes in interest rates.

(b) Capital risk management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern as well as maximizing returns for shareholders and benefits for other stakeholders.

In order to improve the capital structure, the Group may raise long term debts, adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares.

(c) Price risk

The Group is exposed to equity price risk because investments held by the Group are classified on the consolidated balance sheet as available-for-sale financial asset and financial asset at fair value through profit or loss.

As at December 31, 2016, if there had been a 5% change in the fair value of available-for-sale financial asset and financial asset at fair value through profit or loss with all other variables held constant, the Group's equity would have increased/decreased by HK\$1.76 million (2015: HK\$0.65 million) and net profit would have increased/decreased by HK\$1.4 million (2015: HK\$1.4 million).

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

4. 重要會計估計及判斷

估計及判斷之評估會持續地進行，並以過往使用經驗及其他因素作為基礎，包括在目前情況下對未來事件的合理預期。

重要會計估計及假設

本集團對未來作出推算及假設。所得之會計估計理論上難以與相關的實際結果相同。以下所論述之估計及假設有相當風險引致須於下個財政年度對資產和負債之賬面值作重大調整。

(i) 評估商譽減值

根據附註2(i)所述之會計政策，本集團每年就商譽是否出現任何減值進行測試。現金產出單元之可收回金額乃按使用中價值計算法或將其公允值扣除銷售成本（以較高者為準）釐定，兩者均須本集團估計該現金產出單元之預期未來現金流量，並以適當貼現率計算現值。倘實際未來現金流量少於預期，將可產生減值虧損（附註15）。

(ii) 簽出認沽期權負債的公允值

若干本集團的業務合併交易涉及簽出認沽期權。本集團的相關簽出認沽期權負債按公允值確認，該等公允值乃根據相關協議的條款釐定。釐定用作估計所收購附屬公司／業務的收購後表現所採納的主要假設（如增長率、利潤及折扣率）時，須作出判斷。主要假設的變動可對未來負債造成重大影響。於收購日期後所發生的事項或因素導致需要重新計算或有代價的公允值時，所產生的任何收益或虧損將於合併利潤表中確認。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Assessment of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(i). The recoverable amounts of CGUs have been determined based on value-in-use calculations or its fair value less costs of disposal, whichever is higher, and both bases require the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise (Note 15).

(ii) Fair value of written put option liabilities

Certain of the Group's business combination activities involved put options issued by the Group over the equity of subsidiary companies. The Group recorded such written put option liabilities at their fair values which are determined in accordance with the terms under those relevant agreements and with reference to the estimated post-acquisition performance of the acquired subsidiaries. Judgement is required to determine key assumptions (such as growth rate, margins and discount rate) adopted in the estimation of post-acquisition performance of the acquired subsidiaries. Changes to key assumptions can significantly affect the amounts of future liabilities. Put option liabilities shall be re-measured at their fair value resulting from events or factors emerge after the acquisition date, with any resulting gain or loss recognized in the consolidated income statement.

4. 重要會計估計及判斷(續)

(iii) 存貨可變現淨值

存貨可變現淨值指日常業務估計售價扣除估計銷售開支。有關估計根據現行市況及過往出售類似產品之經驗而作出。相關估計可能因本集團經營地點之經濟狀況出現變動以及客戶口味及競爭對手就回應市況變動所採取措施而出現重大變動。管理層於各結算日重新評估此等估計。

(iv) 所得稅

本集團須於多個司法權區繳納利得稅。在為利得稅釐定全球準備時需要運用相當程度的判斷。於日常業務過程中有頗多未能確定最終稅項之交易及計算。本集團依據會否有到期應繳額外稅項之估計而確認預期稅務審計項目之負債。倘該等事項之最終稅務結果與初步記錄之金額不同，有關差異將影響作出釐定之期間內的利得稅及遞延稅項準備。

(v) 評估非流動金融資產減值

每當有事件或情況之改變顯示須作折舊及攤銷之非流動資產之入賬值可能不可收回時，本集團便對該等資產進行減值審閱。管理層評估各非流動資產之可回收金額時，乃按預期未來使用該等資產之計劃，根據其使用價值或其公允價值減處置成本(參照市場價格)進行評估。該等計算須使用判斷及估算。

(vi) 折舊

物業、機器及設備乃按其預計使用年期以直線法折舊。本集團定期審閱該等資產之預計使用年期以釐定於任何報告期內支出之數額。使用年期乃根據本集團對相類似之資產之過往經驗而釐定。如過往之估計有重大改變，則調整在將來期間之折舊支出。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(iii) Net realizable value of inventories

Net realizable value of inventories is the estimated selling prices in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in economic conditions in places where the Group operates and changes in customer taste and competitor actions in response to changes in market conditions. Management reassesses these estimates at each balance sheet date.

(iv) Income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(v) Assessment of impairment of non-current financial assets

The Group conducts impairment reviews of non-current assets that are subject to depreciation and amortization whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Management assesses the recoverable amount of each non-current asset based on its value in use or on its fair value less costs of disposal (by reference to market prices), depending upon the anticipated future plans for the assets. These calculations require the use of judgments and estimates.

(vi) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets. The depreciation for future periods is adjusted if there are material changes from previous estimates.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

5. 營運分部

本集團按發展策略以及管理控制以釐定其營運分部。本集團主要分兩個業務，零售及分銷分部之業務及批發方式銷售予海外加盟商之業務。管理層以地區及品牌之角度來管理零售及分銷分部之業務。

按照地區，零售及分銷分部於中國大陸及中東包含直營店（「直營店」）及加盟商。香港及澳門、台灣及亞太其他地區市場並沒有重大之當地加盟店業務。集團門市遍佈在大部分亞太地區以及中東。現時在南亞，北美及中歐亦有較小的加盟商業務。

品牌方面，本集團現時管理 *Giordano* 及 *Giordano Junior*、*Giordano Ladies*、*BSX* 及其他規模較小及授權經營之非專有第三方品牌。

分部經營溢利代表所賺取之利潤未計融資費用、應佔合營公司溢利及稅項。並以此計算基礎向管理層及高級決策者匯報以作資源分配及評估分部表現。

本集團之營運分部銷售額及經營溢利按地區之分析如下：

5. OPERATING SEGMENTS

The Group determines its operating segments based on its development strategies and operational control. There are two major operating segments: Retail and Distribution and Wholesale Sales to overseas franchisees. Management manages the Retail and Distribution operating segment geographically and by brand.

Geographically, the Retail and Distribution operating segment in Mainland China and the Middle East comprise directly operated stores (“DOS”) and franchise stores. Hong Kong and Macau, Taiwan and the rest of Asia Pacific do not have material local franchised stores. Group stores span most of Asia Pacific and the Middle East. There are also presently insignificant sales from franchised stores in south Asia, North America, and Central Europe.

As for brands, the Group presently manages *Giordano* and *Giordano Junior*, *Giordano Ladies*, *BSX* and other less significant brands and non-proprietary third party licensed brands.

Segment operating profit is before finance expense, share of profit of joint ventures and taxation. This is the measurement basis reported to management and the senior decision-makers for the purpose of resource allocation and assessment of segment performance.

Analysis of the Group's operating segment sales and operating profit by geographic regions is as follows:

(以百萬港元為單位)	(In HK\$ million)	2016		2015	
		銷售額 Sales	經營溢利 Operating profit	銷售額 Sales	經營溢利 Operating profit
零售及分銷	Retail and Distribution				
中國大陸	Mainland China	1,285	102	1,451	90
香港及澳門	Hong Kong and Macau	927	87	971	70
台灣	Taiwan	615	39	639	49
亞太其他地區	The rest of Asia Pacific	1,388	164	1,317	151
中東	The Middle East	626	108	639	112
		4,841	500	5,017	472
批發方式銷售予海外加盟商	Wholesale sales to overseas franchisees	304	54	364	52
分部業績	Segment results	5,145	554	5,381	524
總部職能	Corporate functions		14		32
融資費用	Finance expense		(1)		-
應佔合營公司溢利	Share of profit of joint ventures		43		42
除稅前溢利	Profit before taxation		610		598

NOTES TO THE FINANCIAL STATEMENTS (continued)

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5. 營運分部(續)

以品牌劃分之零售及分銷營運分部之進一步分析如下：

5. OPERATING SEGMENTS (continued)

Further analysis of the Retail and Distribution operating segment by brand is as follows:

(以百萬港元為單位)	(In HK\$ million)	2016		2015	
		銷售額 Sales	經營溢利 Operating profit	銷售額 Sales	經營溢利 Operating profit
零售及分銷	Retail and Distribution				
<i>Giordano</i> 及 <i>Giordano Junior</i>	<i>Giordano</i> and <i>Giordano Junior</i>	4,130	422	4,302	414
<i>Giordano Ladies</i>	<i>Giordano Ladies</i>	401	65	393	43
<i>BSX</i>	<i>BSX</i>	147	9	167	1
其他	Others	163	4	155	14
		4,841	500	5,017	472

本公司駐於香港。其於香港及澳門對外客戶之銷售額為12.31億港元(2015年：13.35億港元)，於中國大陸為12.85億港元(2015年：14.51億港元)，而於其他市場對外客戶之銷售額為26.29億港元(2015年：25.95億港元)。

The Company has its domicile in Hong Kong. Sales to external customers from Hong Kong and Macau are HK\$1,231 million (2015: HK\$1,335 million), Mainland China HK\$1,285 million (2015: HK\$1,451 million) and external customers from other markets HK\$2,629 million (2015: HK\$2,595 million).

分部之間之銷售額10.12億港元(2015年：10.76億港元)已予合併對銷。

Inter-segment sales of HK\$1,012 million (2015: HK\$1,076 million) have been eliminated upon consolidation.

中國大陸折舊及攤銷費用為2,600萬港元(2015年：3,600萬港元)，香港及澳門為1,500萬港元(2015年：1,700萬港元)，台灣為1,800萬港元(2015年：1,600萬港元)，亞太其他地區為4,300萬港元(2015年：3,900萬港元)及中東為2,400萬港元(2015年：2,600萬港元)。

Depreciation and amortization charged related to Mainland China was HK\$26 million (2015: HK\$36 million), Hong Kong and Macau HK\$15 million (2015: HK\$17 million), Taiwan HK\$18 million (2015: HK\$16 million), the rest of Asia Pacific HK\$43 million (2015: HK\$39 million) and the Middle East HK\$24 million (2015: HK\$26 million).

中國大陸之所得稅費用為1,400萬港元(2015年：2,400萬港元)，香港及澳門為1,100萬港元(2015年：1,100萬港元)，台灣為600萬港元(2015年：700萬港元)，亞太其他地區為4,700萬港元(2015年：4,000萬港元)，而中東為900萬港元(2015年：900萬港元)。

Income tax expense charged related to Mainland China was HK\$14 million (2015: HK\$24 million), Hong Kong and Macau HK\$11 million (2015: HK\$11 million), Taiwan HK\$6 million (2015: HK\$7 million), the rest of Asia Pacific HK\$47 million (2015: HK\$40 million) and the Middle East HK\$9 million (2015: HK\$9 million).

不計金融工具及遞延稅項資產，於香港之非流動資產總額為1.97億港元(2015年：2.01億港元)，於中國大陸為0.72億港元(2015年：0.91億港元)，及於其他市場為12.97億港元(2015年：13.10億港元)。

The total of non-current assets other than financial instruments and deferred tax assets located in Hong Kong was HK\$197 million (2015: HK\$201 million); Mainland China HK\$72 million (2015: HK\$91 million) and other markets HK\$1,297 million (2015: HK\$1,310 million).

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

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5. 營運分部（續）

本集團之分部資產按地區劃分分析如下：

5. OPERATING SEGMENTS (continued)

Analysis of the Group's segment assets by geographic regions is as follows:

(以百萬港元為單位)	(In HK\$ million)	分部資產	
		Segment assets 2016	2015
分部資產	Segment assets		
中國大陸	Mainland China	775	967
香港及澳門	Hong Kong and Macau	1,064	636
台灣	Taiwan	184	179
亞太其他地區	The rest of Asia Pacific	658	617
中東	The Middle East	840	856
		3,521	3,255
合營公司權益	Interest in joint ventures	480	503
可供出售之金融資產	Available-for-sale financial asset	35	13
於損益賬按公允值處理之金融資產	Financial asset at fair value through profit or loss	28	28
遞延稅項資產	Deferred tax assets	50	48
資產總額	Total assets	4,114	3,847

NOTES TO THE FINANCIAL STATEMENTS (continued)

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6. 其他收入及其他收益，淨額

(以百萬港元為單位)

6. OTHER INCOME AND OTHER GAINS, NET

(In HK\$ million)

		2016	2015
租金收入	Rental income	13	16
特許權收入	Royalty income	37	36
匯兌虧損淨額	Net exchange loss	-	(2)
利息收入	Interest income	12	11
股息收入	Dividend income	3	5
出售物業、機器及設備之淨收益	Net gain on disposal of property, plant and equipment	-	11
可供出售金融資產減值虧損	Impairment loss on available-for-sale financial asset	-	(2)
分階段收購附屬公司時以公允值 重新計量原先持有之權益之收益	Gain on remeasurement of previously held interest upon step acquisition of subsidiaries	-	2
原先持有之權益之收益			
其他收入／收益	Other income/gains	20	12
		85	89

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

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7. 經營溢利

經營溢利已扣除下列各項：

(以百萬港元為單位)

7. OPERATING PROFIT

The operating profit is stated after charging:

(In HK\$ million)

		2016	2015
租賃土地預付款項攤銷	Amortization of leasehold land prepayments	8	8
核數師酬金	Auditor's remuneration	6	6
物業、機器及設備折舊	Depreciation of property, plant and equipment	118	126
土地及樓宇	Operating lease rentals in respect of land and buildings		
之經營租賃費用			
— 最低租金支出	– Minimum lease payments	861	892
— 或然租金費用	– Contingent rent	229	224
— 管理費	– Management fee	60	54
陳舊存貨準備及存貨之撇銷	Provision for obsolete stock and stock written off	–	5
員工成本(附註9)	Staff costs (Note 9)	900	886

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
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8. 融資費用 (以百萬港元為單位)	8. FINANCE EXPENSE (In HK\$ million)	2016	2015
銀行貸款利息	Interest on bank loans	1	-

9. 員工成本 (以百萬港元為單位)	9. STAFF COSTS (In HK\$ million)	2016	2015
薪金及工資 (包括董事酬金)	Salaries and wages (including directors' emoluments)	830	806
購股權費用	Share option expense	1	3
退休金－界定供款計劃	Pension cost - defined contribution plans	69	77
		900	886

本年度內，本集團沒有運用未能領取之供款(2015年：無)以減低供款水平。於2016年及2015年12月31日，沒有可供來年使用之未能領取供款。

During the year, no unvested benefits were utilized by the Group to reduce the level of contributions (2015: Nil). As at December 31, 2016 and 2015, no unvested benefits were available to be utilized in future years.

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
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10. 董事的利益和權益

(a) 董事酬金

10. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

董事姓名	Name of Directors	袍金 Fees 港幣千元 HK\$'000	薪金 Salaries 港幣千元 HK\$'000	酌情性花紅** Discretionary Bonuses** 港幣千元 HK\$'000	其他津貼# Other benefits# 港幣千元 HK\$'000	僱主退休金 供款 Employer's contribution	合計 Total 港幣千元 HK\$'000
						to pension schemes 港幣千元 HK\$'000	
2016							
劉國權 [†]	LAU Kwok Kuen, Peter [†]	-	3,470	14,183	1,715	18	19,386
Ishwar Bhagwandas CHUGANI [△]	Ishwar Bhagwandas CHUGANI [△]	-	1,351	3,270	21	49	4,691
陳嘉緯 [△]	CHAN Ka Wai [△]	-	2,003	497	33	18	2,551
文道明 ^{△†}	Dominic Leo Richard IRWIN ^{△†}	-	715	-	-	5	720
鄭志剛 [^]	CHENG Chi Kong, Adrian [^]	200	-	-	-	-	200
陳世昌 [^]	CHAN Sai Cheong [^]	200	-	-	-	-	200
畢滌凡 [*]	Barry John BUTTIFANT [*]	400	-	-	-	-	400
鄭其志 [*]	KWONG Ki Chi [*]	350	-	-	-	-	350
Simon Devilliers RUDOLPH [*]	Simon Devilliers RUDOLPH [*]	350	-	-	-	-	350
黃旭 [*]	WONG Yuk (alias, HUANG Xu) [*]	350	-	-	-	-	350
		1,850	7,539	17,950	1,769	90	29,198
2015							
劉國權 [†]	LAU Kwok Kuen, Peter [†]	-	3,399	13,756	1,933	18	19,106
Ishwar Bhagwandas CHUGANI [△]	Ishwar Bhagwandas CHUGANI [△]	-	1,462	4,049	44	49	5,604
陳嘉緯 [△]	CHAN Ka Wai [△]	-	1,617	370	16	18	2,021
文道明 ^{△†}	Dominic Leo Richard IRWIN ^{△†}	-	2,651	111	21	18	2,801
鄭志剛 [^]	CHENG Chi Kong, Adrian [^]	200	-	-	-	-	200
陳世昌 [^]	CHAN Sai Cheong [^]	200	-	-	-	-	200
畢滌凡 [*]	Barry John BUTTIFANT [*]	400	-	-	-	-	400
鄭其志 [*]	KWONG Ki Chi [*]	350	-	-	-	-	350
Simon Devilliers RUDOLPH [*]	Simon Devilliers RUDOLPH [*]	350	-	-	-	-	350
黃旭 ^{*2}	WONG Yuk (alias, HUANG Xu) ^{*2}	58	-	-	-	-	58
梁覺 ^{*3}	LEUNG Kwok ^{*3}	154	-	-	-	-	154
		1,712	9,129	18,286	2,014	103	31,244

[†] 主席及行政總裁

[△] 執行董事

^{*} 獨立非執行董事

[^] 非執行董事

[#] 其他收益包括保險供款、購股權、房屋及稅項津貼

^{**} 花紅按溢利分配比率或預先決定之溢利目標達成率所決定

¹ 於2016年3月3日辭任董事

² 於2015年11月11日委任董事

³ 於2015年5月25日離世

[†] Chairman and Chief Executive

[△] Executive directors

^{*} Independent non-executive directors

[^] Non-executive directors

[#] Other benefits include insurance premium, share options, housing and tax allowances

^{**} Discretionary bonus is determined based on profit sharing ratio or pre-determined achievement rate of profit targets.

¹ Resigned as a director on March 3, 2016

² Appointed as a director on November 11, 2015

³ Passed away on May 25, 2015

NOTES TO THE FINANCIAL STATEMENTS (continued)

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10. 董事的利益和權益(續)

(a) 董事酬金(續)

於本年度內，向本公司董事支付之酬金總額如下：

(以港幣千元為單位)

袍金
其他酬金：
基本薪金、退休金計劃供款
津貼及實物收益

花紅

10. BENEFITS AND INTERESTS OF DIRECTORS
(continued)

(a) Directors' emoluments (continued)

The aggregate amount of emoluments payable to directors of the Company during the year is as follows:

(In HK\$'000)

		2016	2015
Fees		1,850	1,712
Other emoluments:			
Basic salaries, contribution to pension schemes, allowances and benefits in kind		9,398	11,246
Bonuses		17,950	18,286
		29,198	31,244

(b) 五位最高薪職員

於本年度內，本集團五位最高薪職員中包括3位(2015年：3位)董事，其酬金之詳情已於上文披露。付予餘下2位(2015年：2位)最高薪職員酬金總額如下：

(以港幣千元為單位)

基本薪金、
房屋津貼、
其他津貼
及實物收益
退休金計劃供款

花紅

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 3 (2015: 3) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 (2015: 2) individuals during the year are as follows:

(In HK\$'000)

		2016	2015
Basic salaries, housing allowances, other allowances and benefits in kind		4,720	4,679
Contribution to pension schemes		34	18
Bonuses		1,920	1,424
		6,674	6,121

餘下最高薪職員按酬金組別歸類如下：

The emoluments of the remaining highest paid individuals fell within the following bands:

酬金組別
Emolument bands

人數
Number of individuals
2016 2015

港幣
HK\$

2,000,001 - 3,000,000
3,000,001 - 4,000,000

1 1
1 1

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

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10. 董事的利益和權益（續）

- (c) 向董事、受該等董事控制的法人團體及該董事的關連主體提供的貸款、準貸款和其他交易的資料

公司概無訂立或存在以本公司董事、或由該等董事控制的法人團體或與該等董事有關連的主體為受益人之貸款、準貸款及其他交易，無需根據香港公司條例第383(1)(d)條及第622G章第三部分作出披露（2015年：無）。

11. 稅項

香港利得稅是根據本年度之估計應課稅溢利按16.5%（2015年：16.5%）之稅率計算。海外稅項乃按個別司法地區適用之稅率計算。

（以百萬港元為單位）

本年度所得稅項
— 香港
— 香港以外
— 過往年度超額撥備
— 附屬公司及合營公司之可分配溢利之扣繳稅項

遞延稅項
短暫性差異之衍生及撥回
過往年度超額撥備

稅項支出

10. BENEFITS AND INTERESTS OF DIRECTORS (continued)

- (c) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities for disclosure pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of 622G (2015: Nil).

11. TAXATION

Hong Kong profits tax is calculated at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the year. Income tax on profits assessable outside Hong Kong is calculated at the rates applicable in the respective jurisdictions.

(In HK\$ million)

Current income tax
— Hong Kong
— Outside Hong Kong
— Over provision in prior years
— Withholding tax on profit distribution from subsidiaries and joint venture

Deferred tax
Origination and reversal of temporary differences
Over provision in prior years

Taxation charge

2016 2015

20	20
72	70
(2)	—
27	37
117	127
5	(7)
—	(2)
5	(9)
122	118

此稅項支出不包括本年度應佔合營公司之海外稅項1,100萬港元（2015年：1,100萬港元）。於合併利潤表中之應佔合營公司溢利乃扣除該司法地區適用之所得稅計提。

This charge excludes the share of joint ventures' taxation for the year of HK\$11 million (2015: HK\$11 million). The share of profit of joint ventures in the consolidated income statement is after income taxes accrued in the appropriate income tax jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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11. 稅項(續)

本集團之稅項支出與本公司以本港稅率而計算之除稅前溢利稅項之調節表如下：

(以百萬港元為單位)

除稅前溢利(不包括應佔合營公司溢利)

按稅率16.5%(2015年:16.5%)計算

其他國家不同稅率之影響

不可扣稅之支出

未確認之遞延稅項資產

毋須課稅之收入

使用早前未有確認之稅損

確認早前未有確認之稅損

扣繳稅項

過往期間準備剩餘

稅項支出

11. TAXATION (continued)

Reconciliation of the Group's profit before taxation at the tax rate of Hong Kong to the taxation charge is as follows:

(In HK\$ million)

Profit before taxation (before share of profit of joint ventures)

Calculated at a taxation rate of 16.5% (2015: 16.5%)

Effect of different tax rates in other countries

Expenses not deductible for tax purposes

Deferred tax assets not recognized

Income not subject to tax

Utilization of previously unrecognized tax losses

Recognition of previously unrecognized tax losses

Withholding tax

Over provision in prior years

Taxation charge

2016

2015

567

556

94

92

18

14

11

9

10

13

(38)

(37)

(2)

(3)

-

2

31

30

(2)

(2)

122

118

12. 每股盈利

每股基本及攤薄盈利乃按本年度公司股東應佔合併溢利4.34億港元(2015:4.26億港元)計算。

每股基本盈利乃按本年度內已發行股份之加權平均股數1,570,561,403股(2015:1,570,283,230股)計算。

每股攤薄盈利乃按本年度內已發行股份之加權平均股數1,570,561,403股(2015:1,570,283,230股)加上假設根據本公司購股權計劃授出之所有未行使購股權皆已行使而發行之股份之加權平均股數527,848股(2015年:1,383,913股),共1,571,089,251股(2015:1,571,667,143股)計算。

12. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the consolidated profit attributable to shareholders of the Company for the year of HK\$434 million (2015: HK\$426 million).

The basic earnings per share is based on the weighted average of 1,570,561,403 shares (2015: 1,570,283,230 shares) in issue during the year.

The diluted earnings per share is based on 1,571,089,251 shares (2015: 1,571,667,143 shares) which is the total of the weighted average of 1,570,561,403 shares (2015: 1,570,283,230 shares) in issue during the year and the weighted average of 527,848 shares (2015: 1,383,913 shares) deemed to be issued if all outstanding share options granted under the share option schemes of the Company had been exercised.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
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13. 股息

13. DIVIDENDS

(a) 本年度股息如下：

(以百萬港元為單位)

已宣布及已派發之中期股息
每股12.5港仙
(2015年：每股12.5港仙)

於結算日後建議之末期股息
每股15.0港仙
(2015年：每股14.5港仙)

(a) Dividends attributable to the year:

(In HK\$ million)

2016

2015

Interim dividend declared
and paid of 12.5 HK cents
(2015: 12.5 HK cents)
per share

196

196

Final dividend proposed after
the balance sheet date of
15.0 HK cents (2015:
14.5 HK cents) per share

236

228

432

424

於2017年3月9日舉行之董事會會議上，本公司董事建議派發末期股息為每股15.0港仙。此項擬派息在結算當日並無確認為負債。擬派股息之金額乃基於建議派息日之已發行股份數目計算。

At the board meeting on March 9, 2017, the directors of the Company recommended the payment of a final dividend of 15.0 HK cents per share. The proposed dividend has not been recognized as a liability at the balance sheet date. The amount of proposed dividend was based on the shares in issue as at the proposed date.

(b) 屬於上一年度，並於本年度內通過及支付的股息：

(以百萬港元為單位)

已批准及派發2015年末期股息
每股14.5港仙
(2014年：每股14.5港仙)

(b) Dividends attributable to the previous year, approved and paid during the year:

(In HK\$ million)

2016

2015

2015 final dividend approved
and paid of 14.5 HK cents
(2014: 14.5 HK cents) per
share

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財務報表附註(續)
NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

14. 物業、機器及設備

14. PROPERTY, PLANT AND EQUIPMENT

(以百萬港元為單位)	(In HK\$ million)	永久業權 之土地 及樓宇 Freehold land & buildings	樓宇 Buildings	廠房及 機器 Plant & equipment	租賃物業 裝修、傢俬及 辦公室設備 Leasehold improvements, furniture & office equipment	汽車 Motor vehicles	合計 Total
成本值	Cost						
於2016年1月1日	At January 1, 2016	52	26	52	1,077	20	1,227
換算差額	Translation difference	1	-	-	(16)	-	(15)
添置	Additions	-	-	1	101	2	104
出售	Disposals	-	-	(3)	(96)	(2)	(101)
於2016年12月31日	At December 31, 2016	53	26	50	1,066	20	1,215
累積折舊	Accumulated depreciation						
於2016年1月1日	At January 1, 2016	12	7	52	900	17	988
換算差額	Translation difference	-	-	(1)	(15)	-	(16)
資產減值	Impairment	-	-	-	1	-	1
本年度折舊	Charge for the year	1	1	-	114	2	118
出售	Disposals	-	-	(2)	(93)	(2)	(97)
於2016年12月31日	At December 31, 2016	13	8	49	907	17	994
於2016年12月31日 之賬面淨值	Net book value at December 31, 2016	40	18	1	159	3	221

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

14. 物業、機器及設備(續)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

(以百萬港元為單位)	(In HK\$ million)	永久業權 之土地 及樓宇 Freehold land & buildings	樓宇 Buildings	廠房及 機器 Plant & equipment	租賃物業 裝修、傢俬及 辦公室設備 Leasehold improvements, furniture & office equipment	汽車 Motor vehicles	合計 Total
成本值	Cost						
於2015年1月1日	At January 1, 2015	55	24	53	1,089	21	1,242
換算差額	Translation difference	(3)	(1)	(1)	(54)	(1)	(60)
收購附屬公司(附註31)	Acquisition of subsidiaries (Note 31)	-	-	-	23	1	24
添置	Additions	-	4	-	92	2	98
出售	Disposals	-	(1)	-	(73)	(3)	(77)
於2015年12月31日	At December 31, 2015	52	26	52	1,077	20	1,227
累積折舊	Accumulated depreciation						
於2015年1月1日	At January 1, 2015	13	7	51	873	17	961
換算差額	Translation difference	(1)	-	-	(45)	(1)	(47)
收購附屬公司(附註31)	Acquisition of subsidiaries (Note 31)	-	-	-	20	-	20
資產減值	Impairment	-	-	-	1	-	1
本年度折舊	Charge for the year	-	1	1	121	3	126
出售	Disposals	-	(1)	-	(70)	(2)	(73)
於2015年12月31日	At December 31, 2015	12	7	52	900	17	988
於2015年12月31日 之賬面淨值	Net book value at December 31, 2015	40	19	-	177	3	239

15. 商譽

15. GOODWILL

(以百萬港元為單位)	(In HK\$ million)	2016	2015
於1月1日	At January 1	546	535
收購附屬公司(附註31)	Acquisition of subsidiaries (Note 31)	-	11
於12月31日	At December 31	546	546

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

15. 商譽(續)

商譽已根據業務所在地點及業務分部分配至本集團之已識別現金產出單元(「現金產出單元」)。商譽按經營分部分分析如下：

(以百萬港元為單位)

零售及分銷
— 亞太其他地區
— 中東

15. GOODWILL (continued)

Goodwill is allocated to the Group's cash generating units ("CGU") identified according to the location of operation and business segment. The goodwill analysed by operating segment is as follows:

(In HK\$ million)

Retail and Distribution
— The rest of Asia Pacific
— The Middle East

	2016	2015
	5	5
	541	541
	546	546

商譽減值測試

中東地區的商譽已分配至現金產出單元組，單元組乃指在主體內商譽被監控作內部管理用途的最底層次。可收回金額乃按使用公允價值減出售成本計算(第三層)。該項計算方法以管理層批准之5年財務預算以計算稅後現金流量。管理層根據過往中東業務及其對市場發展之預期來釐定預算。於中東，在預估期間，預估每年銷售增長為3%。5年期間以後之現金流量，按估計終端增長率3%估算。於阿拉伯聯合酋長國，所使用之稅前貼現率為13.1%，其他中東地區所使用之稅前貼現率為14.2%至16.2%及已反映有關經營分部之特定風險。

董事認為於2016年及2015年12月31日止並無商譽減值。

本集團履行對商譽年度減值測試的關鍵假設進行敏感性分析。用於商譽減值測試關鍵假設適度地變動將不會引起任何現金產生單位賬面金額超過可收回金額。於2016年12月31日，倘中東地區預估每年銷售增長率下降至2%，或稅前貼現率增加1.45個百分點，以上改變單獨發生，中東地區的賬面金額將超出其可收回金額。

Impairment test for goodwill

The Middle East goodwill has been allocated to a group of CGUs, which represents the lowest level at which goodwill is monitored internally. The recoverable amount is determined based on fair value less costs of disposal calculation (Level 3 hierarchy). These calculations use post-tax cash flow projections based on financial budgets approved by management covering a five-year period. Management determines the financial budgets of Middle East based on past performance and its expectations of market development. The annual sales growth in the forecast period is estimated to be 3%. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rate of 3% per annum. The pre-tax discount rate used for UAE is 13.1% while other Middle East Regions use between 14.2% to 16.2% and they reflect specific risks relating to the current market assessment of risks specific to such assets.

The Directors are of the opinion that there was no impairment of goodwill as at December 31, 2016 and 2015.

The Group has performed a sensitivity analysis on key assumptions used for the annual impairment test for goodwill. A reasonably possible change in key assumptions used in the impairment test for goodwill would not cause any CGU's carrying amount to exceed its respective recoverable amount. As at December 31, 2016, had Middle East's forecasted annual sales growth rate dropped to 2%, or the pre-tax discount rate increased by 1.45 percentage point, with all changes taken in isolation, the Middle East's carrying amount will exceed its recoverable amount.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

16. 合營公司權益

下文載列之合營公司之股本全為普通股股份，非上市合營公司之資料如下：

16. INTEREST IN JOINT VENTURES

The joint ventures listed below have share capital consisting solely of ordinary shares, particulars of the unlisted joint ventures are as follows:

合營公司名稱 Name of joint ventures	成立及經營地點 Place of incorporation and operation	持有股份百分比率 Percentage of equity holding	已發行及全數繳足股本或註冊資本 Issued and fully paid share capital or registered capital	主要業務 Principal activities
		2016	2015	
Giordano Corporation Limited*	大韓民國 Republic of Korea	48.5	48.5 5,150,000,000韓圓 KRW5,150,000,000	經營零售服裝及配襯用品 Retail of apparel and accessories
昌耀企業有限公司* Cheong Yiu Enterprises Limited*	香港 Hong Kong	49.0	49.0 200,000港元 HK\$200,000	經營包裝物料貿易 Trading of packaging products

* 間接持有之合營公司

* joint ventures held indirectly

(以百萬港元為單位)

(In HK\$ million)

		2016	2015
於1月1日	At January 1	503	532
應佔溢利	Share of profit	43	42
已收合營公司股息	Dividends received from joint ventures	(33)	(35)
換算差額	Translation difference	(33)	(36)
於12月31日	At December 31	480	503

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

16. 合營公司權益(續)

合營公司之財務資料概要

下文載列合營公司之財務資料概要。

資產負債表摘錄

(以百萬港元為單位)

		2016	2015
流動	Current		
現金及現金等值結存	Cash and cash equivalents	434	404
其他流動資產	Other current assets	576	642
流動資產總額	Total current assets	1,010	1,046
其他流動負債	Other current liabilities	(95)	(92)
流動負債總額	Total current liabilities	(95)	(92)
非流動	Non-current		
資產	Assets	82	93
負債	Liabilities	(9)	(12)
資產淨值	Net assets	988	1,035

利潤表摘錄

(以百萬港元為單位)

		2016	2015
收益	Revenue	1,463	1,556
折舊及攤銷	Depreciation and amortisation	(29)	(29)
費用	Expense	(1,323)	(1,419)
除稅前溢利	Profit before taxation	111	108
稅項	Taxation	(22)	(21)
除稅後溢利及 總綜合收益	Profit after taxation and total comprehensive income	89	87

16. INTEREST IN JOINT VENTURES (continued)

Summarised financial information for joint ventures

Set out below is the summarised financial information for joint ventures.

Summarised balance sheet

(In HK\$ million)

		2016	2015
Current			
Cash and cash equivalents		434	404
Other current assets		576	642
Total current assets		1,010	1,046
Other current liabilities		(95)	(92)
Total current liabilities		(95)	(92)
Non-current			
Assets		82	93
Liabilities		(9)	(12)
Net assets		988	1,035

Summarised income statement

(In HK\$ million)

		2016	2015
Revenue		1,463	1,556
Depreciation and amortisation		(29)	(29)
Expense		(1,323)	(1,419)
Profit before taxation		111	108
Taxation		(22)	(21)
Profit after taxation and total comprehensive income		89	87

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

16. 合營公司權益（續）

財務資料摘錄之對比

合營公司賬面價值之財務資料摘錄之對比。

(以百萬港元為單位)

1月1日資產淨值
本年度溢利
股息
換算差額

12月31日資產淨值

應佔合營公司權益

營業租賃之承擔

16. INTEREST IN JOINT VENTURES (continued)

Reconciliation of summarised financial information

Reconciliation of the summarized financial information presented to the carrying amount of the interest in the joint ventures.

(In HK\$ million)

Opening net assets at January 1
Profit for the year
Dividends
Translation difference

Closing net assets at December 31

Share of interest in joint ventures

Operating lease commitments

2016 2015

1,035 1,099
89 87
(68) (72)
(68) (78)

988 1,035

480 503

258 342

本集團所持有之合營公司之權益並沒有涉及任何或然負債及資本承擔，而該等合營公司本身亦無重大或然負債及資本承擔。

There are no material contingent liabilities and capital commitments relating to the Group's interest in the joint ventures, and the joint ventures have no contingent liabilities and capital commitments themselves.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

17. 可供出售之金融資產

可供出售之金融資產指於迅捷環球控股有限公司(「迅捷環球」) 4.85%之權益(2015: 4.85%)。該資產是以港元計值。迅捷環球從事成衣製造業務，是本集團的主要供應商之一。

(以百萬港元為單位)

於1月1日
按公允值之變動轉入
可供出售之金融資產儲備

按公允值之
變動於利潤表中列支

於12月31日

於2016年12月31日，可供出售之金融資產之公允值是根據香港聯合交易所有限公司之股價釐定，分類為第一級。

17. AVAILABLE-FOR-SALE FINANCIAL ASSET

Available-for-sale financial asset represented 4.85% interest in Speedy Global Holdings Limited ("Speedy") (2015: 4.85%) and is denominated in Hong Kong dollars. Speedy is engaged in garment manufacturing business and is one of the key suppliers of the Group.

(In HK\$ million)

		2016	2015
At January 1		13	15
Fair value change transfer to available-for-sale financial asset reserve		22	-
Fair value change charged to income statement		-	(2)
At December 31		35	13

As at December 31, 2016, the fair value of the available-for-sale financial asset are determined using its quoted price on The Stock Exchange of Hong Kong Limited, which is categorised as Level 1.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

18. 於損益賬按公允值處理之金融資產

於2008年6月27日，本集團訂立買賣協議出售 Placita Holdings Limited (「Placita」) 21.0% 權益。根據該協議，6,055,440 股普通股代表本集團持有餘下30.0% 已發行之股本被重新分類為6,055,440 股 Placita 之優先股 (「優先股」)。此外，本集團亦被授予優先股之認沽期權。

該優先股連同有關期權會於損益賬以公允值估量。公允價值已於去年末估值，及將於其後之每年年末由獨立專業估值公司重新評估。

於2016年12月31日該優先股及有關期權之公允價值為2,800萬港元 (2015年：2,800萬港元)。於損益賬按公允值處理之金融資產之公允值變動會於合併利潤表記錄為其他收入。

該可於損益賬按公平值處理之金融資產公允值是根據貼現現金流，決定於對該投資的各項於不可觀察市場上取得的資料 (不可觀察輸入)，根據香港財務報告準則7的公允值的階級組織分類為第三級。

(以百萬港元為單位)

於1月1日及12月31日

18. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

On June 27, 2008, the Group entered into a sale and purchase agreement to dispose of its 21.0% interest in Placita Holdings Limited ("Placita"). As part of the agreement, 6,055,440 ordinary shares representing the Group's remaining 30.0% of the total issued share capital of Placita were redesignated into 6,055,440 preference shares of Placita (the "Preference Shares"). Furthermore, the Group was granted a put option on the Preference Shares.

The Preference Shares and the related options are measured at fair value through profit or loss. The fair value has been and will be re-assessed by an independent professional valuation firm at year end and the end of each subsequent period.

The fair value of the Preference Shares and the related options is HK\$28 million as at December 31, 2016 (2015: HK\$28 million). Changes in the fair values of financial asset at fair value through profit or loss are recorded in other income in the consolidated income statement.

The fair value of the financial asset at fair value through profit or loss is determined based on discounted cash flow, using inputs that are not based on observable market data (unobservable inputs), which is categorised as level 3 under the fair value hierarchy pursuant to HKFRS 7.

(In HK\$ million)

At January 1 and December 31

	2016	2015
	28	28

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

19. 租賃土地及租金預付款項

19. LEASEHOLD LAND AND RENTAL PREPAYMENTS

		租賃土地 預付款項 Leasehold land prepayments	租金 預付款項 Rental prepayments	合計 Total	
(以百萬港元為單位)	(In HK\$ million)	2016	2016	2016	2015
於1月1日之賬面淨值	Net book value at January 1	163	89	252	273
換算差額	Translation difference	(1)	-	(1)	(9)
添置	Additions	-	59	59	47
本年度攤銷	Amortization for the year	(8)	(59)	(67)	(58)
出售	Disposals	-	-	-	(1)
於12月31日之賬面淨值	Net book value at December 31	154	89	243	252
短期部分	Current portion	(6)	(45)	(51)	(47)
長期部分	Non-current portion	148	44	192	205

20. 存貨

20. INVENTORIES

(以百萬港元為單位)	(In HK\$ million)	2016	2015
製成品	Finished goods	447	491

存貨值已確認為費用並記賬在銷售成本中為20.83億港元(2015年: 22.8億港元)。

The cost of inventories recognized as expense and included in cost of goods sold amounted to HK\$2,083 million (2015: HK\$2,280 million).

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

21. 應收賬款及其他應收款

(以百萬港元為單位)

應收賬款
減：減值撥備

應收賬款淨值
其他應收款，
包括訂金及預付款項

21. TRADE AND OTHER RECEIVABLES

(In HK\$ million)

Trade receivables
Less: Provision for impairment

Trade receivables, net
Other receivables, including
deposits and prepayments

	2016	2015
	274	275
	(8)	(11)
	266	264
	278	278
	544	542

除現金及信用卡銷售外，本集團在正常情況下給予其貿易客戶30至60日信貸期。

應收賬款及其他應收款內的其他類別沒有包含已減值資產。

Other than cash and credit card sales, the Group normally allows a credit period of 30 to 60 days to its trade customers.

The other classes within trade and other receivables do not contain impaired assets.

(a) 賬齡分析

於結算日應收賬款（扣除壞賬撥備）之賬齡根據發票日分析如下：

(以百萬港元為單位)

0至30日
31至60日
61至90日
逾90日

(a) Ageing analysis

As at the balance sheet date, the ageing analysis from the invoice date of trade receivables (net of allowance for doubtful debts) is as follows:

(In HK\$ million)

0 - 30 days
31 - 60 days
61 - 90 days
Over 90 days

	2016	2015
	180	187
	50	42
	17	13
	19	22
	266	264

應收賬款之賬面值約以公允值列賬。因本集團之顧客分散於世界各地，故有關應收賬款並無集中性之信貸風險。

The carrying amount of trade receivables is stated approximately at fair value. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

21. 應收賬款及其他應收款(續)

(a) 賬齡分析(續)

於2016年12月31日，逾期但並無減值之應收賬款為4,100萬港元(2015年：5,800萬港元)。而若干有關客戶在最近並無壞賬記錄。根據到期日劃分之賬齡分析如下：

(以百萬港元為單位)	(In HK\$ million)	2016	2015
0至30日	0 - 30 days	21	28
逾30日	Over 30 days	20	30
		41	58

(b) 應收賬款的減值

應收賬款的減值虧損，乃以撥備賬戶入賬，除非本集團認為收回賬款的機會極微，在此情況下，減值虧損將直接在應收賬款中撇銷。

年內壞賬撥備之變動(包括特定及整體虧損部分)如下：

(以百萬港元為單位)	(In HK\$ million)	2016	2015
於1月1日	At January 1	11	15
壞賬沖銷	Reversal of provision for doubtful debts	(2)	-
本年不可收回 應收賬款部份之撇銷	Receivables written off during the year as uncollectible	(1)	(4)
於12月31日	At December 31	8	11

個別已減值之應收賬款與出現財政困難的客戶，經管理層評估預期只可收回部份應收賬款，因此確認為特定壞賬撥備。本集團並無就有關欠款持有任何抵押品。

21. TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis (continued)

As at December 31, 2016, trade receivables of HK\$41 million (2015: HK\$58 million) were past due but not impaired. These relate to a number of customers for whom there has been no recent history of default. Their ageing analysis from the due date is as follows:

(b) Impairment of trade receivables

Impairment loss in respect of trade receivables is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

The individually impaired receivables relate to customers that are in financial difficulties and management assesses that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts were recognized. The Group does not hold any collateral over these balances.

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
December 31, 2016

22. 股本

22. SHARE CAPITAL

(以百萬港元為單位)	(In HK\$ million)	2016	2015
法定： 2,000,000,000股 每股面值5港仙之普通股	Authorized: 2,000,000,000 ordinary shares of HK\$0.05 each	100	100
已發行及全數繳足： 1,570,952,518股 (2015年：1,570,394,518股) 每股面值5港仙之普通股	Issued and fully paid: 1,570,952,518 ordinary shares (2015: 1,570,394,518 ordinary shares) of HK\$0.05 each	79	79

於本年度內，已發行股本之變動情況如下：

Details of the movement in the issued share capital during the year are set out below:

		股份數目 Number of shares	
		2016	2015
每股面值5港仙 之普通股	Ordinary shares of HK\$0.05 each		
於1月1日	At January 1	1,570,394,518	1,569,912,518
發行股份	Issue of shares	558,000	482,000
於12月31日	At December 31	1,570,952,518	1,570,394,518

(a) 發行股份

按本公司之購股權計劃，本公司於本年度內因購股權持有人行使購股權附予之權利而發行每股面值5港仙之新普通股股份共558,000股。

本公司發行之所有新普通股與本公司當時之現有股份在各方面均享有同等權益。

(a) Issue of shares

Pursuant to the share option scheme of the Company, the Company issued 558,000 ordinary shares of HK\$0.05 each in the capital of the Company to option-holders who exercised their rights attached to share options during the year.

All the new ordinary shares issued by the Company ranked pari passu with the then existing shares of the Company in all respects.

(b) 購股權資料

購股權計劃之摘要及本公司購股權於本年度內之變動詳情載於第160頁至第165頁。

(b) Share option information

A summary of the share option scheme and details of the movement in share options of the Company during the year are set out on pages 160 to 165.

(c) 回購股份

本公司於本年度內並無購回其任何股份。

(c) Repurchase of shares

During the year, the Company did not repurchase any of its shares.

(d) 一合營公司所持有的股份

於2016年12月31日，一合營公司持有本公司1,800,000普通股股份(2015年：1,800,000普通股股份)。

(d) Shares held by a joint venture

As at December 31, 2016, 1,800,000 ordinary shares (2015: 1,800,000 ordinary shares) were held by a joint venture.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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23. 重大非控制性權益

本期間之非控股權益總額為1.82億港元(2015年:1.76億港元),其中PT. Giordano Indonesia(「Giordano Indonesia」)佔1.3億港元(2015年:1.23億港元),Giordano Fashions (L.L.C.)(「Giordano UAE」)佔1,600萬港元(2015年:1,900萬港元),而Textile and Ready Garments Co. Ltd.(「Giordano KSA」)佔2,000萬港元(2015年:2,100萬港元)。其他公司之非控股權益不重大。

擁有重大非控股權益之附屬公司之財務資料概要

下文載列各擁有非控股權益(對本集團而言屬重大性質)之附屬公司之財務資料概要。

資產負債表摘錄

(以百萬港元為單位)	(In HK\$ million)	Giordano Indonesia		Giordano UAE		Giordano KSA	
		2016	2015	2016	2015	2016	2015
流動	Current						
資產	Assets	182	188	62	57	110	107
負債	Liabilities	(35)	(37)	(34)	(19)	(35)	(41)
流動淨資產總額	Total current net assets	147	151	28	38	75	66
非流動	Non-current						
資產	Assets	68	56	24	29	26	33
非流動淨資產總額	Total non-current net assets	68	56	24	29	26	33
淨資產	Net assets	215	207	52	67	101	99

23. MATERIAL NON-CONTROLLING INTEREST

The total non-controlling interest as at December 31, 2016 is HK\$182 million (2015: HK\$176 million), of which HK\$130 million (2015: HK\$123 million) is for PT. Giordano Indonesia ("Giordano Indonesia"), HK\$16 million (2015: HK\$19 million) is for Giordano Fashions (L.L.C.) ("Giordano UAE") and HK\$20 million (2015: HK\$21 million) is for Textile and Ready Garments Co. Ltd. ("Giordano KSA"). The non-controlling interest in respect of the rest of the companies is not material.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised balance sheet

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

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23. 重大非控制性權益（續）

23. MATERIAL NON-CONTROLLING INTEREST (continued)

利潤表摘錄

Summarised income statement

(以百萬港元為單位)	(In HK\$ million)	Giordano Indonesia		Giordano UAE		Giordano KSA	
		2016	2015	2016	2015	2016	2015
收入	Revenue	491	444	224	235	311	325
除稅前溢利	Profit before taxation	79	79	31	30	47	48
稅項	Taxation	(20)	(20)	-	-	(9)	(9)
除稅後溢利	Profit after taxation	59	59	31	30	38	39
其他綜合收益	Other comprehensive income	5	(29)	-	-	-	-
總綜合收益	Total comprehensive income	64	30	31	30	38	39
非控制性權益總 綜合收益	Total comprehensive income allocated to non-controlling interests	38	18	6	6	10	10
非控制性權益 已付股息	Dividends paid to non-controlling interests	28	14	9	11	11	18

NOTES TO THE FINANCIAL STATEMENTS (continued)

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23. 重大非控制性權益(續)

23. MATERIAL NON-CONTROLLING INTEREST
(continued)

現金流量表摘錄

Summarised cash flows

(以百萬港元為單位)	(In HK\$ million)	Giordano Indonesia		Giordano UAE		Giordano KSA	
		2016	2015	2016	2015	2016	2015
經營業務之 現金流入淨額	Net cash inflow from operating activities	42	45	57	26	51	70
投資業務之 現金流出淨額	Net cash outflow from investing activities	(20)	(16)	(4)	(5)	(10)	(9)
融資業務之 現金流出淨額	Net cash outflow from financing activities	(55)	(28)	(46)	(42)	(36)	(60)
現金及現金等值 之(減少)/增加	(Decrease)/increase in cash and cash equivalents	(33)	1	7	(21)	5	1
於1月1日之現金 及現金等值結存	Cash and cash equivalents at January 1	50	54	28	48	55	55
外幣匯率變動之影響	Effect of foreign exchange rate changes	1	(5)	-	1	-	(1)
於12月31日之現金 及現金等值結存	Cash and cash equivalents at December 31	18	50	35	28	60	55

上述資料為未計集團公司之間對銷前的金額。

The information above is the amount before inter-company eliminations.

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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24. 公司資產負債表及權益變動表

24. BALANCE SHEET AND EQUITY MOVEMENTS OF THE COMPANY

公司資產負債表

Balance sheet of the Company

(以百萬港元為單位)	(In HK\$ million)	截至12月31日	
		2016	2015
資產	ASSETS		
非流動資產	Non-current assets		
物業、機器及設備	Property, plant and equipment	7	7
附屬公司權益	Interest in subsidiaries	817	817
於損益賬按公允值處理之金融資產	Financial asset at fair value		
	through profit or loss	28	28
應收附屬公司款項	Amounts due from subsidiaries	181	226
租賃土地及租金預付款項	Leasehold land and rental		
	prepayments	109	114
租賃按金	Rental deposits	-	1
		1,142	1,193
流動資產	Current assets		
租賃土地及租金預付款項	Leasehold land and rental		
	prepayments	5	5
應收賬款及其他應收款	Trade and other receivables	6	3
應收附屬公司款項	Amounts due from subsidiaries	1,312	1,374
現金及銀行結存	Cash and bank balances	524	43
		1,847	1,425
資產總額	Total assets	2,989	2,618
權益及負債	EQUITY AND LIABILITIES		
股本及儲備	Capital and reserves		
股本	Share capital	79	79
儲備	Reserves	1,466	1,535
擬派股息	Proposed dividends	236	228
權益總額	Total equity	1,781	1,842
流動負債	Current liabilities		
應付賬款及其他應付款	Trade and other payables	4	4
應付附屬公司款項	Amounts due to subsidiaries	1,203	771
稅項	Taxation	1	1
負債總額	Total liabilities	1,208	776
權益及負債總額	Total equity and liabilities	2,989	2,618
淨流動資產	Net current assets	639	649
資產總額減流動負債	Total assets less current liabilities	1,781	1,842

劉國權
LAU Kwok Kuen, Peter
董事
Director

陳嘉緯
CHAN Ka Wai
董事
Director

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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24. 公司資產負債表及權益變動表(續) 24. BALANCE SHEET AND EQUITY MOVEMENTS OF THE COMPANY (continued)

公司權益變動表

Equity movements of the Company

(以百萬港元為單位)	(In HK\$ million)	股本 Share capital	繳入盈餘 Contributed surplus	資本 贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權 儲備 Share options reserve	滾存溢利 Retained profits	權益總額 Total equity
於2016年1月1日	At January 1, 2016	79	540	3	918	22	280	1,842
本年度溢利	Profit for the year	-	-	-	-	-	360	360
總綜合收益	Total comprehensive income	-	-	-	-	-	360	360
儲備間撥轉	Transfer among reserves	-	-	-	-	(9)	9	-
購股權計劃	Share option scheme	-	-	-	-	-	-	-
- 因行使購股權而發行之股份	- Shares issued upon exercise of share options	-	-	-	2	-	-	2
- 購股權費用	- Share option expense	-	-	-	-	1	-	1
2015年末期股息 (附註13(b))	2015 final dividend (Note 13(b))	-	-	-	-	-	(228)	(228)
2016年中期股息 (附註13(a))	2016 interim dividend (Note 13(a))	-	-	-	-	-	(196)	(196)
		-	-	-	2	(8)	(415)	(421)
於2016年12月31日	At December 31, 2016	79	540	3	920	14	225	1,781

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

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24. 公司資產負債表及權益變動表（續） 24. BALANCE SHEET AND EQUITY MOVEMENTS OF THE COMPANY (continued)

公司權益變動表（續）

比較數字如下：

Equity movements of the Company (continued)

The comparative figures are set out as follows:

(以百萬港元為單位)	(In HK\$ million)	股本 Share capital	繳入盈餘 Contributed surplus	資本 贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權 儲備 Share options reserve	滾存溢利 Retained profits	權益總額 Total equity
於2015年1月1日	At January 1, 2015	78	540	3	916	22	376	1,935
本年度溢利	Profit for the year	-	-	-	-	-	325	325
總綜合收益	Total comprehensive income	-	-	-	-	-	325	325
儲備間發轉	Transfer among reserves	-	-	-	-	(3)	3	-
購股權計劃	Share option scheme							
- 因行使購股權而發行之股份	- Shares issued upon exercise of share options	1	-	-	2	-	-	3
- 購股權費用	- Share option expense	-	-	-	-	3	-	3
2014年末期股息 (附註13(b))	2014 final dividend (Note 13(b))	-	-	-	-	-	(228)	(228)
2015年中期股息 (附註13(a))	2015 interim dividend (Note 13(a))	-	-	-	-	-	(196)	(196)
		1	-	-	2	-	(421)	(418)
於2015年12月31日	At December 31, 2015	79	540	3	918	22	280	1,842

NOTES TO THE FINANCIAL STATEMENTS (continued)

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25. 儲備

於2016年12月31日，本集團之儲備分析如下：

(以百萬港元為單位)

繳入盈餘
資本贖回儲備
股份溢價
購股權儲備
匯兌儲備
其他儲備
可供出售之
金融資產儲備
滾存溢利

25. RESERVES

The reserves of the Group as at December 31, 2016 are analyzed as follows:

(In HK\$ million)

Contributed surplus
Capital redemption reserve
Share premium
Share options reserve
Exchange reserve
Other reserves
Available-for-sale financial asset
reserve
Retained profits

2016	2015
383	383
3	3
920	918
14	22
(80)	(40)
74	74
22	-
1,370	1,351
2,706	2,711
(236)	(228)
2,470	2,483

擬派末期股息
(附註13(a))

Proposed final dividend
(Note 13(a))

儲備總額

Total reserves

本集團之繳入盈餘乃指因集團重組而產生之進賬額，而集團重組乃根據於1995年5月29日完成之協議計劃而進行。根據百慕達1981年公司法(經修訂)，繳入盈餘可分派予股東。

The contributed surplus of the Group represents a credit arising from a group reorganisation pursuant to a scheme of arrangement which was completed on May 29, 1995. Under the Companies Act 1981 of Bermuda (as amended) the contributed surplus is distributable to the shareholders.

其他儲備之主要項目詳情如下：

Details of the main items in other reserves are as follows:

- (a) 根據中國大陸有關法律及財務法規，中國大陸之附屬公司之法定儲備基金可用於彌補往年虧損(如有)及用以增加該等附屬公司之資本額。
- (b) 根據韓國稅務獎勵限制法例及韓國商業準則，大韓民國之合營公司之法定儲備基金及其他儲備只可以用作抵銷未來虧損或轉作資本，而不可用作現金股息派發。
- (c) 根據阿拉伯聯合酋長國商業公司法例，阿拉伯聯合酋長國之聯營公司之法定儲備基金，除聯邦法規定外，不可作分配之用。
- (d) 授出認沽期權之確認財務負債1.21億港元(2015年：1.21億港元)。(附註26及31)

- (a) According to the relevant laws and financial regulations, the statutory reserve funds of the subsidiaries in Mainland China are used to make up prior years' losses, if any, and to increase the capital of the subsidiaries.
- (b) In accordance with the Korean Tax Incentive Limitation Law and Korean Commercial Code, the statutory reserve fund and other reserves of the joint venture in the Republic of Korea may only be used to offset a future deficit or be transferred to capital stock, but not for cash dividends.
- (c) According to the United Arab Emirates Commercial Companies Law, the statutory reserve fund of the associate in the United Arab Emirates is not available for distribution except as provided in the Federal Law.
- (d) Put option financial liability recognised of HK\$121 million (2015: HK\$121 million). (Notes 26 and 31)

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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26. 授出認沽期權負債

於2012年，本集團就向Giordano UAE及Giordano KSA之非控股股東授出認沽期權，以供其出售於此等公司之餘下權益予本集團所產生的財務負債而確認負債約1.02億港元。該認沽期權於本集團完成收購Giordano UAE及Giordano KSA之股份3年後隨時可行使，而且無到期日期。該等財務負債初步按其公允值確認，即估計贖回金額的現金。授出認沽期權負債以美元計值及列為流動負債。

於2015年，本集團就向Giordano KW及Giordano QA之非控股股東授出認沽期權，以供其此公司權益出售予本集團所產生的財務負債而確認負債約1,900萬港元。該認沽期權於本集團完成收購Giordano KW及Giordano QA之股份三年後隨時可行使，而且無到期日期。該等財務負債初步按其公平值確認，即估計贖回金額的現金。授出認沽期權負債以美元計值及列為非流動負債。

該授出認沽期權公允值是根據貼現現金流，決定於對該投資的各項於不可觀察市場上取得的資料(不可觀察輸入)，根據香港財務報告準則7的公允值的階級組織分類為第三級。

26. PUT OPTION LIABILITIES

In 2012, the Group recognized financial liabilities of approximately HK\$102 million in relation to the financial liabilities arising from the put option granted to the non-controlling shareholders of Giordano UAE and Giordano KSA to sell their remaining interests in these companies to the Group. Such put option is exercisable any time after 3 years from completion of the Group's acquisition of the shares in Giordano UAE and Giordano KSA and has no expiry date. Such financial liabilities are initially recognized at their fair value, which is the present value of the estimated redemption amount. The put option liabilities are denominated in U.S. dollars and are classified under current liabilities.

In 2015, the Group recognized financial liabilities of approximately HK\$19 million in relation to the financial liabilities arising from the put option granted to the non-controlling shareholders of Giordano KW and Giordano QA to sell their remaining interests in these companies to the Group. Such put option is exercisable any time after 3 years from completion of the Group's acquisition of the shares in Giordano KW and Giordano QA and has no expiry date. Such financial liabilities are initially recognized at their fair value, which is the present value of the estimated redemption amount. The put option liabilities are denominated in U.S. dollars and are classified under non-current liabilities.

The fair value of the put option liabilities is determined based on discounted cash flows, using inputs that are not based on observable market data (unobservable inputs), which is categorised as level 3 under the fair value hierarchy pursuant to HKFRS 7.

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27. 遞延稅項

遞延稅項採用負債法就短暫性差異按適用於各司法權區之稅率而作全數撥備。

本集團於年內之遞延稅項資產及負債之變動(在同一徵稅地區之結餘抵銷前)如下：

遞延稅項(資產)/負債

(以百萬港元為單位)	(In HK\$ million)	加速會計折舊 Accelerated accounting depreciation	未分派之 滾存溢利 Unremitted profits	其他 Others	合計 Total
於2016年1月1日	At January 1, 2016	(6)	104	(35)	63
換算差額	Translation difference	-	(5)	(10)	(15)
於利潤表中計入 (附註11)	Charged to income statement (Note 11)	-	4	1	5
於2016年12月31日	At December 31, 2016	(6)	103	(44)	53
於2015年1月1日	At January 1, 2015	(7)	118	(35)	76
換算差額	Translation difference	1	(8)	1	(6)
於利潤表中計入 (附註11)	Credited to income statement (Note 11)	-	(6)	(1)	(7)
於2015年12月31日	At December 31, 2015	(6)	104	(35)	63

本集團有未確認遞延稅項資產7,900萬港元(2015年: 7,600萬港元)主要源於稅損。此等未確認遞延稅項資產當中4,100萬港元(2015年: 4,100萬港元)將於2016年12月31日起5年內屆滿。餘下部分主要由澳洲及德國附屬公司之無限期稅損引致。

在法定權利許可下,若遞延所得稅涉及同一財政機關,遞延稅項資產可與遞延稅項負債互相抵銷。下列金額在計入適當抵銷後,於合併資產負債表內列賬。

27. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method at the rates applicable in the respective jurisdictions.

The movement in the Group's deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax (assets)/liabilities

The Group has unrecognized deferred tax assets of HK\$79 million (2015: HK\$76 million) arising mainly from tax losses. These unrecognized deferred tax assets to the extent of HK\$41 million (2015: HK\$41 million) will expire within 5 years from December 31, 2016. The remaining portion is mainly related to the losses of subsidiaries in Australia and Germany which have no expiry date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

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27. 遞延稅項（續）

27. DEFERRED TAXATION (continued)

<i>(以百萬港元為單位)</i>	<i>(In HK\$ million)</i>	2016	2015
遞延稅項資產	Deferred tax assets	(50)	(48)
遞延稅項負債	Deferred tax liabilities	103	111
		53	63

28. 應付賬款及其他應付款

28. TRADE AND OTHER PAYABLES

<i>(以百萬港元為單位)</i>	<i>(In HK\$ million)</i>	2016	2015
應付賬款	Trade payables	205	232
其他應付款及應付費用	Other payables and accrued expenses	333	327
		538	559

以下為應付賬款之賬齡分析：

The ageing analysis of trade payables is as follows:

<i>(以百萬港元為單位)</i>	<i>(In HK\$ million)</i>	2016	2015
0至30日	0 - 30 days	185	186
31至60日	31 - 60 days	9	32
61至90日	61 - 90 days	4	8
逾90日	Over 90 days	7	6
		205	232

應付賬款之賬面值約以公允值列賬。

The carrying amount of trade payables is stated approximately at its fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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29. 現金及銀行結存

(以百萬港元為單位)

現金及現金等值
存款日起三個月以上
到期之銀行定期存款

現金及銀行總結存

29. CASH AND BANK BALANCES

(In HK\$ million)

Cash and cash equivalents
Bank deposits with maturity
over three months from
date of deposits

Total cash and bank balances

2016

2015

1,156

939

237

137

1,393

1,076

本集團以上之現金及銀行結存包括等值3.21億港元(2015年:4.7億港元)之人民幣現金及銀行結存。

本集團定期存款的實際利率為每年1.7%(2015年:2.1%)，年末該等存款之平均到期期限為多於三個月。

Included in the cash and bank balances of the Group were cash and bank balances totaling HK\$321 million (2015: HK\$470 million) denominated in Renminbi.

The effective interest rate on bank deposits of the Group was 1.7% (2015: 2.1%) per annum; these deposits have an average maturity of less than 3 months as at year-end.

30. 銀行貸款

(以百萬港元為單位)

短期銀行貸款，
無抵押，港元計值

於2016年12月31日，本集團之銀行貸款的實際利率為1.1%。該等銀行貸款於一年內到期。

短期銀行貸款的賬面值與其公允價值相近。

30. BANK LOANS

(In HK\$ million)

Short-term bank loans,
unsecured, HK dollars
denominated

2016

2015

298

-

The effective interest rate of the Group's short-term bank loans as at December 31, 2016 was 1.1%; these bank loans are repayable within one year.

The carrying amounts of short-term bank loans approximate their fair values.

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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31. 業務合併

於2015年，本集團增加33% Giordano Kuwait (「Giordano KW」)權益至49%及29% Giordano Qatar (「Giordano QA」)的49%權益。

下表摘要就支付Giordano KW及Giordano QA的對價和在購買日期購入的資產和承擔的負債數額，以及在購買日期非控制性權益的公允價值。

(以百萬港元為單位)

31. BUSINESS COMBINATION

In 2015, the Group increased its economic interests in Giordano Kuwait ("Giordano KW") by 33% to 49% and in Giordano Qatar ("Giordano QA") by 29% to 49%.

The following table summarises the consideration paid for Giordano KW and Giordano QA, the fair value of net assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

(In HK\$ million)

2015

現金代價	Purchase consideration in cash	16
應付完成股息	Completion dividend payable	20
因收購阿曼公司 失敗減少應付代價	Forfeiture of consideration payable due to unsuccessful acquisition of entity in Oman	(2)
總代價轉移	Total consideration transferred	34
集團在合併前持有Giordano KW 及Giordano QA權益 的公允價值	Fair value of equity interest in Giordano KW and Giordano QA held before the business combination	7
代價總額	Total consideration	41
購入項目之資產淨值：	Net assets acquired:	
物業、機器及設備	Property, plant and equipment	4
存貨	Inventories	4
應收賬款及其他應收款	Trade and other receivables	4
現金及銀行結餘	Cash and bank balances	32
應付賬款及其他應付款	Trade and other payables	(6)
		38
非控制性權益	Non-controlling interests	(8)
收購所產生之商譽	Goodwill on acquisition	11
		41
收購附屬公司所引致之 現金流入淨額分析：	Analysis of the net cash inflow in respect of the acquisition of subsidiaries:	
已付現金代價	Cash consideration paid	(16)
所收購之銀行結存及現金	Bank balances and cash acquired	32
收購附屬公司所引致之 現金流入淨額之分析	Analysis of the net cash inflow from acquisition of subsidiaries	16

NOTES TO THE FINANCIAL STATEMENTS (continued)

2016年12月31日
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31. 業務合併(續)

收購所產生的費用共200萬港元計入至2015年12月31日合併利潤表中的行政費用。

本集團選擇於收購日以應佔資產淨額確認非控制性權益。管理層認為雖然集團持有Giordano KW及Giordano QA各自的49%投票權，但對其具有實質性的控制權。本集團因為參與Giordano KW及Giordano QA而承擔可變回報的風險或享有可變回報的權益，並有能力透過於Giordano KW及Giordano QA各自的董事會佔有大多數席位，而對Giordano KW及Giordano QA的權力影響此等回報。

購買產生的商譽1,100萬港元，來自本集團與Giordano KW及Giordano QA整合經營後預期產生的經濟效益。確認的商譽預期不可扣除所得稅。

本集團因重新計量合併前持有Giordano KW的16%權益及Giordano QA的20%權益之公允值而錄得200萬港元之收益，此收益計入至2015年12月31日合併利潤表中的其他收益。

從收購日至2015年12月31日期間，Giordano KW及Giordano QA貢獻2,700萬港元銷售及300萬港元溢利。

假若Giordano KW及Giordano QA在2015年1月1日起已合併入賬，至2015年12月31日的合併利潤表的銷售額將增加1,200萬港元及溢利增加100萬港元。

31. BUSINESS COMBINATION (continued)

Acquisition-related costs of HK\$2 million have been charged to administrative expenses in the consolidated income statement for the year ended December 31, 2015.

The Group has chosen to recognize the non-controlling interest at its proportionate share of net assets for this acquisition. The Group does not own the majority of Giordano KW's and Giordano QA's voting rights. However, the Group determined that it has control over Giordano KW and Giordano QA and included them into the scope of consolidation, considering the fact that the Group holds 49.0% of the voting rights of each of Giordano KW and Giordano QA, is exposed to variable returns from its involvement with these entities, and that the Group's directors constitute the majority of the members of the board of directors of Giordano KW and Giordano QA.

The goodwill of HK\$11 million arising from the acquisition is attributable to the economies of scale expected from combining the operations of the Group and Giordano KW and Giordano QA. None of the goodwill recognized is expected to be deductible for income tax purposes.

The Group recognized a gain of HK\$2 million as a result of measuring at fair value its 16% equity interest in Giordano KW and 20% equity interest in Giordano QA held before the business combination. The gain is included in other gain in the consolidated income statement for the year ended December 31, 2015.

Giordano KW and Giordano QA contributed HK\$27 million sales and HK\$3 million profit for the period from acquisition date to December 31, 2015.

Had Giordano KW and Giordano QA been consolidated from January 1, 2015, the consolidated income statement for the year ended December 31, 2015 would show an increase in sales of HK\$12 million and profit of HK\$1 million.

財務報表附註（續）

NOTES TO THE FINANCIAL STATEMENTS (continued)

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31. 業務合併（續）

於2015年，本集團就向Giordano KW及Giordano QA之非控股股東授出認沽期權，以供其此公司權益出售予本集團所產生的財務負債而確認負債約1,900萬港元。該認沽期權於本集團完成收購Giordano KW及Giordano QA之股份三年後隨時可行使，而且無到期日期。該等財務負債初步按其公平值確認，即估計贖回金額的現金及從股本中重新分類。授出認沽期權負債以美元計值及重列為非流動負債。

除授予Giordano KW及Giordano QA之非控股股東之認沽期權外，本集團亦獲非控股股東授予認購期權，以購買其於Giordano KW及Giordano QA之股權。該認購期權於本集團完成收購Giordano KW及Giordano QA之股份兩年後隨時可行使，而且無到期日期。認沽及認購期權之行使價為以下兩者中之較高者：(a) 與收購事項之每股價值等額及(b)行使期權時之公允市值。

31. BUSINESS COMBINATION (continued)

In 2015, the Group recognized financial liabilities of approximately HK\$19 million in relation to the financial liabilities arising from the put option granted to the non-controlling shareholders of Giordano KW and Giordano QA to sell their remaining interests in these companies to the Group. Such put option is exercisable any time after 3 years from completion of the Group's acquisition of the shares in Giordano KW and Giordano QA and has no expiry date. Such financial liabilities are initially recognized at their fair value, which is the present value of the estimated redemption amount and were reclassified from equity. The put option liabilities are denominated in U.S. dollars and are classified under non-current liabilities.

In addition to the put option granted to non-controlling shareholders of Giordano KW and Giordano QA, the Group was also granted a call option from the non-controlling shareholders with the rights to purchase their interests in Giordano KW and Giordano QA. Such call option is exercisable any time after 2 years from completion of the Group's acquisition of the shares in Giordano KW and Giordano QA and has no expiry date. The exercise price of both the put and call options shall be the higher of (a) the same per share valuation as the acquisition and (b) the fair market value at the time of exercise of the option.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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32. 承擔

經營租賃之承擔

- (a) 於2016年12月31日，本集團就零售店舖、辦公室及貨倉之不可於未來撤銷之經營租賃的最低應付租賃費用如下：

(以百萬港元為單位)	(In HK\$ million)	2016	2015
1年內	Within one year	724	711
1年後 但5年內	After one year but within five years	794	723
5年以上	Over five years	26	7
		1,544	1,441

經營租賃合約包含不同種類條款，租金遞升協定及續租權。若干門市之經營租賃租金乃根據最低保證租金或以銷售額計算之租金(以較高者為準)。上述承擔乃按最低保證租金計算。

The leases have varying terms, escalation clauses and renewal rights. The operating lease rentals of certain outlets are based on the higher of a minimum guaranteed rental or a sales level based rental. The minimum guaranteed rental has been used to arrive at the above commitments.

- (b) 於2016年12月31日，本集團就零售店舖及辦公室之不可於未來撤銷之經營租賃的最低應收租賃收入如下：

(以百萬港元為單位)	(In HK\$ million)	2016	2015
1年內	Within one year	21	23
1年後 但5年內	After one year but within five years	9	8
		30	31

- (b) As at December 31, 2016, the Group had future aggregate minimum lease income receivable under non-cancellable operating leases in respect of retail shops and office premises as set out below:

33. 資本承擔

於2016年及2015年12月31日，本集團並無重大關於租賃物業裝修、傢俬及辦公室設備之資本承擔。

33. CAPITAL COMMITMENTS

As at December 31, 2016 and 2015, the Group had no material capital commitments in respect of leasehold improvements, furniture and fixtures.

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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34. 重大關聯人士交易

有關聯人士指可直接或間接控制另一方，或在作出財務及營運決策時對另一方行使重大影響力之人士。共同受他人控制或受他人重大影響力之人士亦視為有關聯人士。

(a) 於本年度內，本集團若干附屬公司按一般及日常業務過程與若干合營公司及聯營公司進行正常交易。有關該等交易詳述如下：

(以百萬港元為單位)	(In HK\$ million)	2016	2015
銷售給：	Sales to:		
一合營公司	a joint venture	124	196
聯營公司	associates	-	6
		124	202
採購自：	Purchase from:		
合營公司	joint ventures	2	5
特許權收入：	Royalty income from:		
一合營公司	a joint venture	29	28

於12月31日應收關聯人士款項：

Amounts due from these related parties at December 31 are:

(以百萬港元為單位)	(In HK\$ million)	2016	2015
應收關聯人士款項：	Amounts due from:		
合營公司	joint ventures	5	3

於2016年12月31日，上述應收關聯人士款項已分別反映在應收及其他應收賬款。應收款項均為免息、無抵押及須於要求時償還。

As at December 31, 2016, the above amounts due from related parties are reflected in trade and other receivables. The receivables are unsecured in nature, bear no interest and are repayable on demand.

(b) 重要管理層報酬

董事認為重要管理層為最高薪五位職員，其酬金於合併財務報表附註10披露。

(b) Key management compensation

The directors regard the five highest paid individuals as the key management of the Group whose remuneration is disclosed in Note 10 to the consolidated financial statements.

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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35. 主要附屬公司

本公司於2016年12月31日之主要附屬公司如下：

35. PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries of the Company as at December 31, 2016:

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之 實際百分率 Effective percentage of equity holding	2016	2015	已發行及全數繳足 股本/註冊資本/ 份額資本 Issued and fully paid share capital/ registered capital/ quota capital	主要業務/經營地區 Principal activities/place of operation
寶斯特有限公司* Bluestar Exchange Limited*	香港 Hong Kong	100	100	100	3,000,000港元 HK\$3,000,000	經營零售及分銷服裝及配襯用品/香港 Retail and distribution of apparel and accessories/Hong Kong
East Jean Limited*	香港 Hong Kong	100	100	100	1,000,000港元 HK\$1,000,000	經營零售服裝及配襯用品/台灣 Retail of apparel and accessories/Taiwan
Giordano (Australia) Pty. Limited*	澳洲 Australia	92.8	92.8	92.8	700,000澳元 AUD700,000	經營零售服裝及配襯用品/澳洲 Retail of apparel and accessories/Australia
Giordano Fashions (India) Private Limited*	印度 India	50.9	50.9	50.9	100,000,000印度盧比 INR100,000,000	經營零售及分銷服裝及配襯用品/印度 Retail and distribution of apparel and accessories/India
Giordano Fashions (L.L.C.)*	阿拉伯聯合酋長國 United Arab Emirates	49	49	49	3,000,000阿聯酋迪拉姆 AED 3,000,000	經營零售服裝及配襯用品/ 阿拉伯聯合酋長國 Retail of apparel and accessories/ United Arab Emirates
佐丹奴有限公司* Giordano Limited*	香港 Hong Kong	100	100	100	5,000,000港元 HK\$5,000,000	經營零售及分銷服裝及配襯用品/香港 Retail and distribution of apparel and accessories/Hong Kong
Giordano (M) Sdn. Bhd.	馬來西亞 Malaysia	100	100	100	500,000馬來西亞幣 RM500,000	經營零售服裝及配襯用品/馬來西亞 Retail of apparel and accessories/Malaysia
佐丹奴澳門有限公司* Giordano (Macau) Limited*	澳門 Macau	100	100	100	50,000澳門幣 MOP50,000	經營零售服裝及配襯用品/澳門 Retail of apparel and accessories/Macau
Giordano Middle East FZE*	阿拉伯聯合酋長國-迪拜 Dubai - United Arab Emirates	100	100	100	1,000,000阿聯酋迪拉姆 AED1,000,000	經營分銷服裝及配襯用品/ 阿拉伯聯合酋長國 - 迪拜 Distribution of apparel and accessories/ Dubai - United Arab Emirates

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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35. 主要附屬公司(續)

35. PRINCIPAL SUBSIDIARIES (continued)

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之 實際百分率 Effective percentage of equity holding		已發行及全數繳足 股本/註冊資本/ 份額資本 Issued and fully paid share capital/ registered capital/ quota capital	主要業務/經營地區 Principal activities/place of operation
		2016	2015		
Giordano Originals (Singapore) Private Limited	新加坡 Singapore	100	100	1,900,002新加坡元 SGD1,900,002	經營零售及貿易服裝及配襯用品/新加坡 Retailing and trading of apparel and accessories/Singapore
Giordano Vietnam Limited*	香港 Hong Kong	60	60	10,000美元 USD10,000	經營合資企業及特許經營投資/越南 Joint Ventures investment & franchising/ Vietnam
Giordano (Cambodia) Enterprise Limited*	柬埔寨 Cambodia	80	80	柬埔寨里爾4,000,000 KHR\$4,000,000	經營零售服裝及配襯用品/柬埔寨 Retail of apparel and accessories/Cambodia
PT. Giordano Indonesia*	印尼 Indonesia	40	40	2,500,000,000印尼盾 IDR2,500,000,000	經營零售服裝、配襯用品 及其有關產品/印尼 Retail of apparel, accessories and related products/Indonesia
深圳虎威製衣 有限公司** Shenzhen Tiger Garment Ltd.* #	中華人民共和國 People's Republic of China	100	100	人民幣210,100,000元 RMB210,100,000	投資控股、製造及 銷售服裝及配襯用品/中國大陸 Investment holding, manufacturing and retailing of apparel and accessories/ Mainland China
虎威企業有限公司 Tiger Enterprises Limited	香港 Hong Kong	100	100	60,001,000港元 HK\$60,001,000	投資控股、成衣貿易及 提供管理服務/中國大陸 Investment holding, trading of garment products and provision of management services/ Mainland China

財務報表附註(續)

NOTES TO THE FINANCIAL STATEMENTS (continued)

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35. 主要附屬公司(續)

35. PRINCIPAL SUBSIDIARIES (continued)

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之 實際百分率 Effective percentage of equity holding		已發行及全數繳足 股本/註冊資本/ 份額資本 Issued and fully paid share capital/ registered capital/ quota capital	主要業務/經營地區 Principal activities/place of operation
		2016	2015		
Textile and Ready Garments Co. Ltd.*	沙特阿拉伯王國 Kingdom of Saudi Arabia	75	75	27,000,000 沙特里亞爾 SAR27,000,000	經營零售服裝及配襯用品/ 沙特阿拉伯王國 Retail of apparel and accessories/ Saudi Arabia
Walton International Ltd.*	開曼群島 Cayman Islands	100	100	102 美元 USD102	批授商標專利權 Licensing of trademarks
Giordano Fashions W.L.L.*	科威特 State of Kuwait	40	40	300,000 科威特第納爾 KWD300,000	經營零售服裝及配襯用品/科威特 Retail of apparel and accessories/State of Kuwait
GIO Fashions W.L.L.*	卡塔爾 State of Qatar	40	40	200,000 卡塔爾里亞爾 QAR200,000	經營零售服裝及配襯用品/卡塔爾 Retail of apparel and accessories/State of Qatar

附註:

- # 此公司為外商獨資企業
* 間接持有之附屬公司

Notes:

- # This is wholly foreign owned enterprise
* Subsidiaries held indirectly

36. 財務報表通過

本年度合併財務報表已於2017年3月9日獲董事會通過。

36. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on March 9, 2017.

購股權資料

SHARE OPTION INFORMATION

購股權計劃

於2011年6月9日，本公司終止其於2002年1月24日採納之購股權計劃（「2002年購股權計劃」），並於同日採納新購股權計劃（於2012年5月22日經修訂）（「2011年購股權計劃」），惟於當日已授出且尚未行使及／或已承諾授出之購股權須繼續遵照2002年購股權計劃之條文及上市規則之規定。

本公司購股權計劃（「2011年購股權計劃」）之摘要如下：

(1) 目的

該計劃旨在鼓勵及獎勵對本集團作出貢獻或將可作出貢獻之選定合資格參與者。

(2) 合資格參與者

- (i) (a) 任何董事或擬委任董事（不論是執行或非執行，包括任何獨立非執行董事）、僱員或擬聘請之僱員（不論是全職或兼職），或
- (b) 其時借調之任何人；

而屬於本集團任何成員或任何控股股東或由控股股東控制之任何公司；或
- (ii) 持有本集團任何成員或任何控股股東或任何控股股東控制公司所發行之任何證券之持有人；或
- (iii) 本集團任何成員或任何控股股東或由控股股東控制之任何公司的：
 - (a) 任何業務或合作伙伴、特許經營權受讓人、承包商、代理或代表，
 - (b) 任何人士或個體提供研究、發展或其他技術支援或任何諮詢、顧問、專業或其他服務，
 - (c) 任何貨品或服務供應商，
 - (d) 任何客戶，或
 - (e) 任何業主及租客（包括分租租客）；

並就2011年購股權計劃而言，將包括由一位或多位隸屬以上任何合資格參與者所控制之任何公司。

SHARE OPTION SCHEME

On June 9, 2011, the Company terminated its then share option scheme adopted on January 24, 2002 (the “2002 Scheme”) and adopted a new share option scheme (as amended on May 22, 2012) (the “2011 Scheme”) on the same date, but the options which have been granted and remained outstanding and/or committed as of that date shall continue to follow the provisions of the 2002 Scheme and the Listing Rules.

Summary of the 2011 Scheme of the Company is as follows:

(1) Purpose

As incentives or rewards for the contribution or potential contribution to the Group from the selected eligible participants.

(2) Eligible participants

- (i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or
- (b) any individual for the time being seconded to work for;

any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder; or
- (ii) any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder; or
- (iii) any member of the Group or any controlling shareholder or a company controlled by a controlling shareholder;
 - (a) any business or joint venture partner, franchisee, contractor, agent or representative of,
 - (b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
 - (c) any supplier of goods or services to,
 - (d) any customer of, or
 - (e) any landlord or tenant (including any sub-tenant) of;

and, for the purposes of the 2011 Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of eligible participants.

(3) 可供發行股份總數

於2017年3月9日，根據2011年購股權計劃可供發行的股份總數(不包括已授出但未歸屬及行使)為56,014,000股，佔本公司於本年報日期已發行股本約3.57%。

(4) 每位合資格參與者可獲授權益上限

每位合資格參與者在任何12個月內(直至授出購股權當日止)，根據2011年購股權計劃及本公司任何其他購股權計劃獲授之購股權(包括已註銷、已行使及尚未行使之購股權)予以行使時，所發行及將發行之股份上限不得超過本公司已發行股份之1%。

(5) 購股權行使期

購股權可根據2011年購股權計劃條款之規定，於董事授出購股權時，決定授出之購股權當日或其後日期開始行使，直至董事授出購股權時已決定之日期營業時間結束時屆滿；惟於任何情況下，由授出購股權當日(即提出授出購股權要約當日，而該購股權要約獲接受)起計不可超過十年。

(6) 接受授出購股權之要約

購股權獲授人接受授出購股權之要約，必須於提出要約之日起30日內(包括提出要約當日)接受有關之要約。於接受授出購股權之要約時，須繳付1.00港元。

(7) 釐定購股權行使價之基準

行使購股權時須予支付之每股股份之購股權價將由董事決定，惟購股權價須以下列較高者釐定：

- (i) 股份於授出日期之收市價；
- (ii) 股份於緊接授出日期前五個營業日的平均收市價；及
- (iii) 每股股份之面值。

(8) 2011年購股權計劃尚餘之有效期

2011年購股權計劃有效期至2021年6月8日屆滿。

(3) Total number of shares available for issue

As at March 9, 2017, the total number of shares available for issue under the 2011 Share Option Scheme (save for those granted but not yet vested and exercised) is 56,014,000, representing approximately 3.57% of the Company's issued share capital as at the date of this annual report.

(4) Maximum entitlement of each eligible participants

The maximum number of shares issued and to be issued upon exercise of options granted under the 2011 Scheme and any other share option schemes of the Company to any eligible participants (including canceled, exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue.

(5) Time of exercise of option

An option may be exercised in accordance with the terms of the 2011 Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the directors may determine in granting the option and expiring at the close of business on such date as the directors may determine in granting the option but in any event shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted).

(6) Acceptance of offers

An offer for the grant of options must be accepted within 30 days inclusive of the day on which such offer was made. The amount payable on acceptance of the offer for the grant of an option is HK\$1.00.

(7) Basis of determining the option exercise price

The option price per share payable on the exercise of an option is to be determined by the directors provided always that it shall be at least the higher of:

- (i) the closing price of the shares on the date of grant;
- (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and
- (iii) the nominal amount of a share.

(8) The remaining life of the 2011 Scheme

The 2011 Scheme remains in force until June 8, 2021.

購股權資料

SHARE OPTION INFORMATION

購股權之變動

2002年購股權計劃

MOVEMENT OF SHARE OPTIONS

2002 Scheme

合資格參與者 Eligible participants	購股權數目 Number of share options				於2016年 12月31日 As at 12/31/2016	每股行使價 Exercise price per share 港元 HK\$	授出日期 Date of grant (月/日/年) (MM/DD/YYYY)	行使期限 Exercisable period (月/日/年) (MM/DD/YYYY)
	於2016年 1月1日 As at 01/01/2016	於年內授出 Granted during the year	於年內授出 Exercised during the year	於年內 註銷/失效 Canceled/ lapsed during the year				
文道明*	800,000	-	-	800,000	-	4.502	10/08/2010	03/25/2011 - 06/30/2020
Dominic Leo Richard IRWIN*	1,700,000	-	-	1,700,000	-	4.502	10/08/2010	03/22/2012 - 06/30/2020
(前董事) (Ex-Director)	2,500,000	-	-	2,500,000	-	4.502	10/08/2010	03/01/2013 - 06/30/2020
	5,000,000	-	-	5,000,000	-			
連續合約僱員	98,000	-	-	-	98,000	3.896	11/27/2007	11/27/2008 - 11/26/2017
Continuous	120,000	-	-	-	120,000	3.896	11/27/2007	11/27/2009 - 11/26/2017
Contract	158,000	-	-	-	158,000	3.896	11/27/2007	11/27/2010 - 11/26/2017
Employees	1,106,000	-	-	110,000	996,000	3.520	07/30/2008	10/01/2008 - 09/30/2018
	676,000	-	-	-	676,000	3.840	07/30/2008	10/01/2008 - 09/30/2018
	676,000	-	-	-	676,000	4.160	07/30/2008	10/01/2008 - 09/30/2018
	700,000	-	-	-	700,000	3.340	07/07/2010	03/22/2012 - 06/30/2020
	3,700,000	-	-	-	3,700,000	3.340	07/07/2010	03/01/2013 - 06/30/2020
	200,000	-	-	200,000	-	6.160	05/24/2011	03/22/2012 - 06/30/2020
	300,000	-	-	300,000	-	6.160	05/24/2011	03/01/2013 - 06/30/2020
	500,000	-	-	500,000	-	6.160	05/24/2011	28/02/2014 - 06/30/2020
	8,234,000	-	-	1,110,000	7,124,000			
合計 Total	13,234,000	-	-	6,110,000	7,124,000			

購股權資料

SHARE OPTION INFORMATION

購股權之變動(續)

MOVEMENT OF SHARE OPTIONS (continued)

2011年購股權計劃

2011 Scheme

合資格參與者 Eligible participants	購股權數目 Number of share options				於2016年 12月31日 As at 12/31/2016	每股行使價 Exercise price per share 港元 HK\$	授出日期 Date of grant (月/日/年) (MM/DD/YYYY)	行使期限 Exercisable period (月/日/年) (MM/DD/YYYY)
	於2016年 1月1日 As at 01/01/2016	於年內授出 Granted during the year	於年內授出 Exercised during the year	於年內 註銷/失效 Canceled/ lapsed during the year				
董事 Director								
Ishwar Bhagwandas CHUGANI	1,200,000	-	-	-	1,200,000	7.650	04/10/2013	02/28/2014 - 03/31/2022
	3,000,000	-	-	3,000,000	-	7.650	04/10/2013	03/04/2016 - 03/31/2022
	-	282,000	-	-	282,000	4.340	09/19/2016	附註 Note 1 - 06/30/2026
	-	284,000	-	-	284,000	4.340	09/19/2016	附註 Note 2 - 06/30/2026
	4,200,000	566,000	-	3,000,000	1,766,000			
陳嘉緯 CHAN Ka Wai	400,000	-	-	-	400,000	5.200	10/07/2011	03/22/2012 - 09/30/2021
	600,000	-	-	-	600,000	5.200	10/07/2011	03/01/2013 - 09/30/2021
	1,000,000	-	-	-	1,000,000	5.200	10/07/2011	02/28/2014 - 09/30/2021
	100,000	-	-	-	100,000	5.000	03/24/2014	03/04/2015 - 03/23/2024
	150,000	-	-	-	150,000	5.000	03/24/2014	03/04/2016 - 03/23/2024
	200,000	-	-	-	200,000	5.000	03/24/2014	附註 Note 1 - 03/23/2024
	250,000	-	-	-	250,000	5.000	03/24/2014	附註 Note 2 - 03/23/2024
	300,000	-	-	-	300,000	5.000	03/24/2014	附註 Note 3 - 03/23/2024
	3,000,000	-	-	-	3,000,000			
文道明* Dominic Leo Richard IRWIN* (前董事) (Ex-Director)	100,000	-	-	100,000	-	5.000	03/24/2014	03/04/2015 - 03/23/2024
	150,000	-	-	150,000	-	5.000	03/24/2014	03/04/2016 - 03/23/2024
	200,000	-	-	200,000	-	5.000	03/24/2014	附註 Note 1 - 03/23/2024
	250,000	-	-	250,000	-	5.000	03/24/2014	附註 Note 2 - 03/23/2024
	300,000	-	-	300,000	-	5.000	03/24/2014	附註 Note 3 - 03/23/2024
	1,000,000	-	-	1,000,000	-			

購股權資料

SHARE OPTION INFORMATION

購股權之變動(續)

2011年購股權計劃(續)

MOVEMENT OF SHARE OPTIONS (continued)

2011 Scheme (continued)

合資格參與者 Eligible participants	購股權數目 Number of share options				於2016年 12月31日 As at 12/31/2016	每股行使價 Exercise price per share 港元 HK\$	授出日期 Date of grant (月/日/年) (MM/DD/YYYY)	行使期限 Exercisable period (月/日/年) (MM/DD/YYYY)
	於2016年 1月1日 As at 01/01/2016	於年內授出 Granted during the year	於年內授出 Exercised during the year	於年內 註銷/失效 Canceled/ lapsed during the year				
連續合約僱員 Continuous Contract Employees	2,734,000	-	-	134,000	2,600,000	5.200	10/07/2011	03/22/2012 - 09/30/2021
	5,558,000	-	-	628,000	4,930,000	5.200	10/07/2011	03/01/2013 - 09/30/2021
	14,700,000	-	-	2,200,000	12,500,000	5.200	10/07/2011	02/28/2014 - 09/30/2021
	636,000	-	-	204,000	432,000	5.380	06/12/2012	03/01/2013 - 12/31/2021
	300,000	-	-	300,000	-	5.380	06/12/2012	02/28/2014 - 12/31/2021
	500,000	-	-	500,000	-	5.380	06/12/2012	03/04/2015 - 12/31/2021
	1,760,000	-	-	240,000	1,520,000	7.650	04/10/2013	02/28/2014 - 03/31/2022
	4,400,000	-	-	4,400,000	-	7.650	04/10/2013	03/04/2016 - 03/31/2022
	5,538,000	-	-	794,000	4,744,000	5.000	03/24/2014	03/04/2015 - 03/23/2024
	8,266,000	-	-	1,182,000	7,084,000	5.000	03/24/2014	03/04/2016 - 03/23/2024
	11,106,000	-	-	1,998,000	9,516,000	5.000	03/24/2014	附註 Note 1 - 03/23/2024
	13,946,000	-	-	1,998,000	11,948,000	5.000	03/24/2014	附註 Note 2 - 03/23/2024
	16,674,000	-	-	2,386,000	14,288,000	5.000	03/24/2014	附註 Note 3 - 03/23/2024
	7,474,000	-	558,000	570,000	6,346,000	3.792	04/09/2015	03/04/2016 - 03/31/2025
	7,660,000	-	-	780,000	6,880,000	3.792	04/09/2015	附註 Note 1 - 03/31/2025
	500,000	-	-	-	500,000	4.090	07/10/2015	03/04/2016 - 06/30/2025
	500,000	-	-	-	500,000	4.090	01/10/2015	附註 Note 1 - 06/30/2025
	-	882,000	-	-	882,000	4.340	09/19/2016	附註 Note 1 - 06/30/2026
	-	884,000	-	-	884,000	4.340	09/19/2016	附註 Note 2 - 06/30/2026
	102,252,000	1,766,000	558,000	17,906,000	85,554,000			
其他 Others	340,000	-	-	-	340,000	5.200	10/07/2011	03/22/2012 - 09/30/2021
	720,000	-	-	-	720,000	5.200	10/07/2011	03/01/2013 - 09/30/2021
	3,000,000	-	-	-	3,000,000	5.200	10/07/2011	02/28/2014 - 09/30/2021
	510,000	-	-	-	510,000	5.000	03/24/2014	03/04/2015 - 03/23/2024
	758,000	-	-	-	758,000	5.000	03/24/2014	03/04/2016 - 03/23/2024
	1,020,000	-	-	-	1,020,000	5.000	03/24/2014	附註 Note 1 - 03/23/2024
	1,282,000	-	-	-	1,282,000	5.000	03/24/2014	附註 Note 2 - 03/23/2024
	1,530,000	-	-	-	1,530,000	5.000	03/24/2014	附註 Note 3 - 03/23/2024
	9,160,000	-	-	-	9,160,000			
合計 Total	119,612,000	2,332,000	558,000	21,906,000	99,480,000			

附註:

- * 於2016年3月3日辭任
- 1 2016年全年業績公布翌日
- 2 2017年全年業績公布翌日
- 3 2018年全年業績公布翌日

Notes:

- * Resigned on March 3, 2016
- 1 the day after 2016 final results announcement
- 2 the day after 2017 final results announcement
- 3 the day after 2018 final results announcement

購股權資料

SHARE OPTION INFORMATION

購股權價值

於年度內授出之購股權之每股公允價值乃採用柏力克•舒爾斯期權定價模式，並於授出日期採用以下之假設數據作出評估：

VALUATION OF SHARE OPTIONS

The fair value per each option granted during the year was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

授出日期 Date of grant	2016年9月19日 September 19, 2016
行使價 Exercise price	4.34港元 HK\$4.34
購股權數目 Number of options	2,332,000
購股權之每股公允價值 Fair value per option	0.151港元 HK\$0.151
無風險利率 (附註a) Risk free interest rate (Note a)	0.632%
預期每股股息 Expected dividend per share	45.0港仙 45.0 HK cents
預期波幅 (附註b) Expected volatility (Note b)	35.4%
預期購股權年期 Expected life of options	7年 7 years

附註：

- a 無風險利率是基於授出日期之五年期外匯基金債券的大約孳息。
- b 預期波幅是基於本公司股價於去年的波幅。
- c 柏力克•舒爾斯期權定價模式須視乎若干高度主觀假設數據。任何主觀假設數據倘出現任何變動均會對購股權之公允價值造成重大影響。

Notes:

- a The risk free rate is based on the approximate yield of five-year Exchange Fund Note on the date of grant.
- b The expected volatility is based on volatility of the stock price of the Company over the past year.
- c The Black-Scholes option pricing model requires input of highly subjective assumptions. Any changes in the subjective input assumptions may materially affect the estimation of the fair value of an option.

投資者參考資料

INFORMATION FOR INVESTORS

重要日期

暫停辦理股份過戶登記

股東週年大會 : 2017年5月23日至
2017年5月26日
(首尾兩天包括在內)

建議末期股息 : 2017年6月5日至
2017年6月7日
(首尾兩天包括在內)

股東週年大會

2017年5月26日

股息

中期股息 : 每股12.5港仙
派發日期 : 2016年9月23日
建議末期股息 : 每股15.0港仙
建議派發日期 : 2017年6月23日

股份代號

香港聯合交易所 : 709
彭博 : 709 HK
路透社 : 0709.HK

投資者聯絡

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IMPORTANT DATES

Closure of Register of Members

Annual General Meeting : May 23, 2017 to May 26, 2017
(both days inclusive)

Proposed Final Dividend : June 5, 2017 to June 7, 2017
(both days inclusive)

Annual General Meeting

May 26, 2017

Dividends

Interim Dividend : 12.5 HK cents per share
Paid on : September 23, 2016
Proposed Final Dividend : 15.0 HK cents per share
Payable on : June 23, 2017

STOCK CODE

Stock Exchange of Hong Kong : 709
Bloomberg : 709 HK
Reuters : 0709.HK

INVESTOR RELATIONS CONTACT

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GIORDANO

2016 年環境、社會及管治報告書

2016 Environmental, Social and Governance Report



World without strangers

没有陌生人的世界

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關於本報告

歡迎閱覽佐丹奴國際有限公司（「佐丹奴」）的2016年環境、社會及管治報告書。在佐丹奴成立之初，我們就以「沒有陌生人的世界」為經營理念，我們的願景是希望世界沒有種族、文化及國籍之分，彼此可以生活在一個大同的世界中。

我們期望藉此報告去闡述我們在環境、社會及管治三方面的政策及表現，包括我們的營運方針、我們如何為員工營造共融的工作環境、我們為客戶提供的優質產品及服務和我們為世界各地帶來的影響。

佐丹奴一直以來致力於成為一個負責任的企業公民，並於2005年正式採納企業社會責任政策聲明。自此，我們一直恪守「為善者諸事順」的原則，於我們經營的社區發放正能量，特別關注與持分者的關係、社區參與和環境保護的範疇。

隨著香港聯合交易所有限公司（「香港交易所」）提高對此報告的合規要求，以及普遍持分者對增加公司透明度有殷切需求，本報告主要涵蓋了我們對環境、社會及管治的策略及營運，例如我們如何以公平及透明的方式為客戶提供卓越服務、如何投放於員工的發展及致力營造融洽的工作環境。與此同時，如何發展強健的管治、有效的風險管理系統以及嚴密的監控亦是我們重點關注的項目。

報告標準和範圍

本報告是根據香港交易所的「環境、社會及管治報告指引」編制，旨在以有系統及客觀的角度將佐丹奴在2016年於環境、社會及管治方面的表現展現出來。報告內容覆蓋了我們在中國大陸、香港、澳門、台灣和新加坡的業務（統稱「匯報市場」），佔佐丹奴在2015年內超過70%的銷售額（不包括我們的特許經營商和授權商所經營的店舖）。詳細的內容索引已在本報告的最後部份列明，讓讀者可清晰了解，增加報告的透明度。

持分者的參與是佐丹奴業務發展和對全球可持續發展承諾的重要部分。在編寫本報告時，我們主動地邀請在我們的業務發展中發揮關鍵作用的持分者參與其中，包括我們的員工代表、主要供應商及我們的顧客。透過他們在問卷的回應，為我們提供了關鍵績效指標（「KPI」）的全面評估，以幫助我們確定相關的持續發展目標，使本報告能加強關鍵績效指標的覆蓋面。

ABOUT THIS REPORT

Welcome to the 2016 Environmental, Social and Governance (the “ESG”) Report of Giordano International Limited (“**Giordano**”). ‘**World Without Strangers**’ has been Giordano’s credo since inception and reflects our vision to create a sense of familiarity, regardless of ethnicity, nationality or culture.

Our philosophy is now articulated in this, our first ESG Report, which highlights our approach and performance against ESG metrics, including the way we run our organization, the inclusive and supportive workplace we strive to create for our employees, the responsible products and services we offer to customers, and the impact that we are making around the world.

Giordano has long been committed to being a responsible corporate citizen, and formally adopted its Corporate Social Responsibility policy statement in 2005. Since then we continue to focus on “doing well by doing good” in order to have a positive impact in the communities where we do business, paying particular attention to stakeholder relations, community involvement and environmental protection.

With the onset of enhanced compliance requirements set by The Stock Exchange of Hong Kong Limited (the “**HKEx**”) on ESG Reports and growing demand for corporate disclosure from stakeholders in general, this Report primarily addresses the environmental, social and governance aspects of our strategies and operations, including how we deliver exceptional service to our customers in a fair and transparent manner, investing in our employees’ development and fostering an inclusive work environment, as well as our framework to develop strong governance, effective risk management systems and robust controls.

Reporting Standard and Scope

Prepared in accordance with the ESG Reporting Guide of the HKEx, this Report aims to provide a systemic and balanced representation of Giordano’s ESG performance for the year of 2016, which covers our operations in Mainland China, Hong Kong, Macau, Taiwan and Singapore (collectively, the “**Reporting Markets**”), and contributes towards over 70% of Giordano’s sales in 2015 (excluding shops operated by our franchisees and licensees). A detailed References to “**HKEx ESG Reporting Guide**” has been included at the back of this Report to aid readers and facilitate greater transparency.

Stakeholders’ engagement is an integral part of Giordano’s business development and commitment to global sustainable development. In the preparation of this Report, we have proactively engaged our key stakeholders, including our staff representatives, our core suppliers as well as our customers, who play a critical role in our business development. Stakeholders’ input, obtained via questionnaires, provided us with a comprehensive assessment of priority key performance indicators (the “**KPIs**”) and helped us identify the relevant long-term sustainability goals, enabling us to strengthen the coverage of the KPIs in this Report.

佐丹奴：關顧著我們的環境

環境層面 A1: 致力環保的營運以減少排放

- (1) 在佐丹奴，我們致力確保營運結合環保理念。在我們的商務活動中每一環節，由供應商的生產至我們的營運，會盡一切努力減少產生廢物及排放。
- (2) 我們相信，有關的商業活動和整體營運設施均符合相關的環保法規。

環境層面 A2: 節約資源

- (1) 為積極配合香港政府推行的減少「碳足跡」政策，我們致力透過減少耗電、用水、用紙等，以減少碳排放、推行環保及保育。在 2016 年，因我們在匯報市場的日常營運所產生的溫室氣體，其排放強度為每一百萬港元銷售額產生 4.064 公噸二氧化碳當量。
- (2) 高效地善用資源和減少浪費資源，如能源、水和原材料，是我們業務上不可缺少的要素。我們將致力於：
 - 明智和有效地使用資源，例如：減少使用物料和包裝；
 - 在業務範圍內減少廢物的產生；
 - 藉著供應鏈管理和智慧型店舖營運促進環保；
 - 在業務方針上納入可持續的環保措施；及
 - 提升客戶和業務夥伴的環保意識。
- (3) 自2008年起，佐丹奴積極推行集團的倡議，為旗下的店舖轉用節能照明設備。

GIORDANO: CARING FOR OUR ENVIRONMENT

Environmental Aspect A1: Minimized Emissions by Green-minded Operations

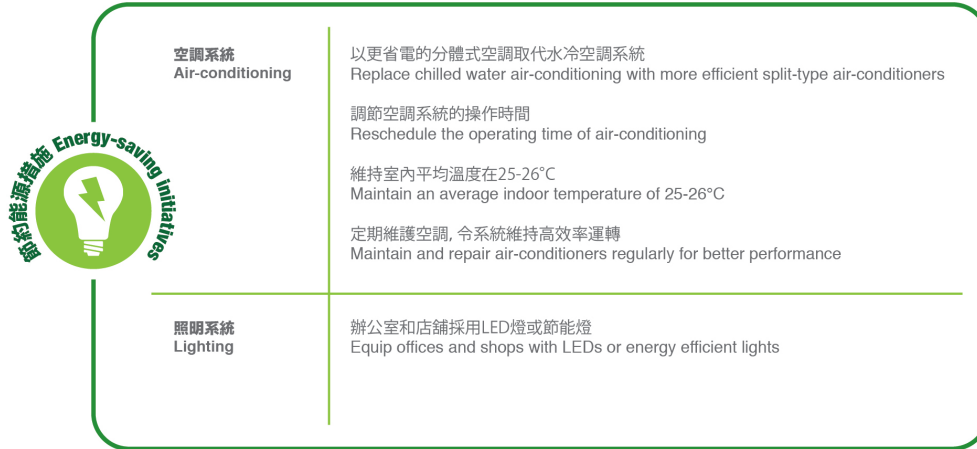
- (1) At Giordano, we seek to ensure that our business operations are environmentally friendly, making every effort to reduce waste and emissions from every aspect of our business activities, from production at our suppliers through to our own business operations.
- (2) We believe that our business activities and the facilities of our overall operations comply with the relevant laws and regulations on environmental protection.

Environmental Aspect A2: Conserving Resources

- (1) In active alignment with the Hong Kong governmental policy of reducing our “carbon footprint”, we are committed to reducing carbon emissions as well as protecting and sustaining the environment through reduced consumption of electrical power, water and paper. In 2016, our greenhouse gas (the “GHG”) emissions intensity resulted from our daily operations in the Reporting Markets was 4.064 tonnes of carbon dioxide equivalent per 1 million sales in Hong Kong dollars.
- (2) Efficient use of resources and reducing waste relating to energy, water and raw materials are essential to our business. We are committed to:
 - using resources wisely and efficiently, such as cutting the volume of materials and packaging;
 - reducing waste generation within our operations;
 - promoting environmental protection, via supply chain management and smart shop operations;
 - incorporating sustainable environmental practices into our business principles; and
 - promoting environmental awareness among our customers and business associates.
- (3) Since 2008, Giordano has actively pursued a group-wide initiative to convert lighting in all shops to energy-saving lighting.

• 節約能源

由於電力消耗是佐丹奴產生溫室氣體的主因，我們大部份的辦公室和店舖均採取了各種節約能源和提高能源效益的措施：



• Saving Energy

As electricity consumption is the biggest contributor to our GHG emissions, various energy saving and efficiency measures have been undertaken in most of our office premises and shops:

(4) 在創造股東價值的同時，我們也關注生態資源的保育及推動環保。建基於 5Rs 原則 — 取代、減少使用、物盡其用、恢復再用和循環再用，佐丹奴透過在內部推行不同的措施，力求節約能源、減少資源消耗、回收物料，以及減少廢物的產生：

- 提倡「無紙化會議」，使用電子文檔；
- 將印表機預設成雙面打印的模式；
- 回收廢棄的紙張；
- 循環再用及回收紙箱；
- 循環再用店舖的傢俱；及
- 將塑料包裝袋循環再用為垃圾袋。

(4) While we strive to create shareholders' value, we are also concerned with the conservation of ecological resources and driving environmental protection. Based on the 5Rs principle – to Replace, Reduce, Reuse, Recover and Recycle – Giordano makes every effort to save energy, cut down on the use of resources, recycle materials, as well as to reduce the generation of waste by implementing different practices internally:

- promoting the concept of “**paperless meetings**” with the use of electronic copies of documents;
- pre-setting printers for double-sided printing;
- recycling used paper;
- reusing and recycling carton boxes;
- reusing shop furniture; and
- reusing plastic packaging bags as bin bags.

• 提倡及教育

我們亦鼓勵員工為環境出一分力，並在工作間推廣環保訊息。2010年我們在香港總部成立的「綠色團隊」便是其中一個很好的例子。「綠色團隊」帶領不同部門的代表去組織活動項目，共同致力提倡低碳生活。過去，「綠色團隊」舉辦了各類活動，讓員工學習及體驗低碳生活，其中包括在2010年舉辦的「環保聖誕樹裝飾比賽」。

• Advocacy and Education

We also encourage our staff to adopt environmentally responsible behavior and promote environmental protection in the workplace. One good example is the “**Green Team**” set up in our Hong Kong Headquarters in 2010, which brings together representatives from different departments and initiates programmes to promote low carbon living. In the past, the “Green Team” has organized various activities for staff to learn about and experience low carbon living, including the “Green Christmas Tree Decorating Competition” held in 2010.



GIORDANO

- 在2016年，佐丹奴參與了多個活動以倡導環保，並提高員工及社區人士對環保的意識，包括：

i. 【利是封回收大行動】

有賴員工的熱烈支持，2016年我們在香港的辦公室和店舖共收集到過千個利是封。所捐贈的利是封交由綠領行動進行篩選及分類，最後成為「新生利是封」，免費派發給市民。



ii. 【宣明會舊書回收大行動】

憑藉香港員工的大力支持，2016年我們共收集到超過70本書籍，並已捐贈到宣明會作慈善用途。

- In 2016, Giordano also participated in a number of events to advocate for environmental protection and raise the environmental awareness of our staff and community, including:

i. 【Lai See Packet Collection Programme】

In 2016, with the enthusiastic support of our staff, Giordano collected over 1,000 Lai See packets from our offices and shops in Hong Kong. The Lai See packets collected were then passed to Greeners Action for further processing, after which renewed packets were distributed to the public for free.



ii. 【Book Collection Campaign for World Vision】

With the support of our staff in Hong Kong, Giordano collected more than 70 books in 2016, which have been donated to World Vision for various charity activities.

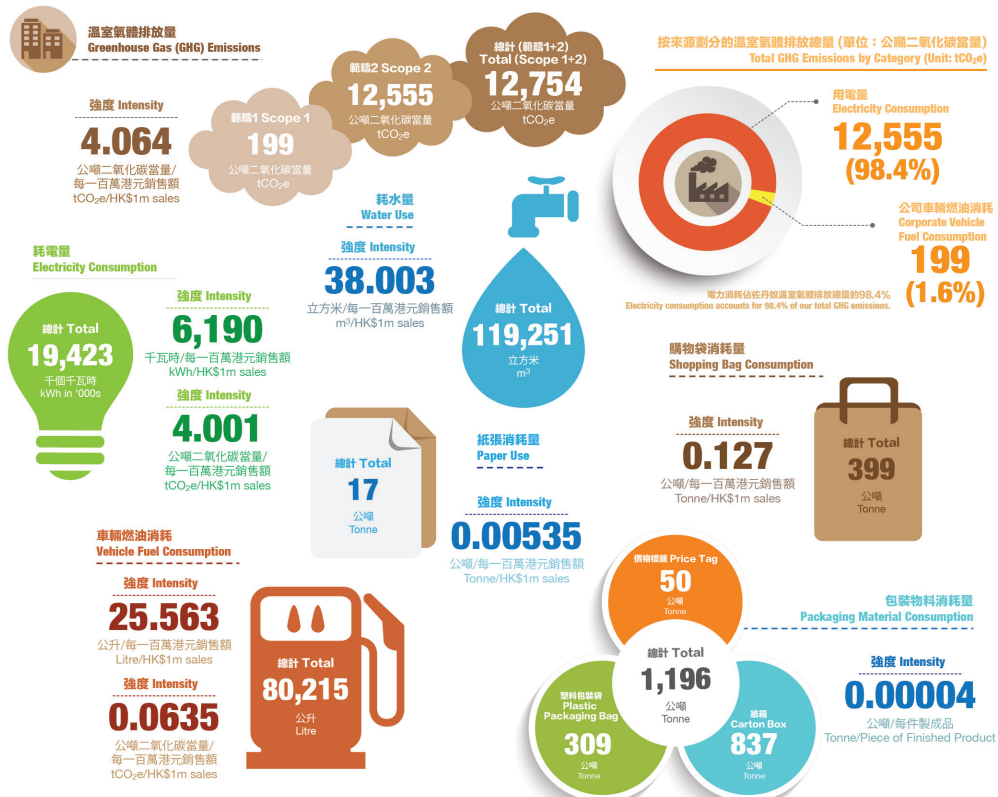
• 綠色成效概覽

下表列出一系列佐丹奴在環保節能方面的表現，涵蓋了匯報市場的店舖、辦公室和倉庫的運作：

• Green Performance Overview

Below is a summary of our environmental performance with respect to our operations in shops, offices and warehouses in the Reporting Markets:

圖1 Graphic 1



附註：

1. 溫室氣體排放
 - 匯報市場基於業務性質，其氣體排放以溫室氣體為主，主要源自使用由化石燃料轉化而成的電力及燃料。
 - 溫室氣體排放的數據是按二氧化碳當量的方式呈列（以公噸為單位），並根據：
 - i. 政府間氣候變化專門委員會（「IPCC」）發布的《2006年IPCC國家溫室氣體清單指南》；
 - ii. 世界資源研究所及世界可持續發展工商理事會刊發在《溫室氣體議定書：企業核算與報告準則》的國際報告框架；
 - iii. 香港特別行政區政府機電工程署及環境保護署刊發的《香港建築物(商業、住宅或公共用途)的溫室氣體排放及減除的核算和報告指引(2010年版)》；
 - iv. 香港電燈有限公司、中華電力有限公司及澳門電力有限公司的年度報告；及
 - v. 國際能源署發布的數值計算。
 - 為了更全面展示佐丹奴溫室氣體排放的情況，我們根據世界資源研究所及世界可持續發展工商理事會刊發在《溫室氣體議定書：企業核算與報告準則》的國際報告框架，進一步將佐丹奴的溫室氣體排放劃分為以下兩個範疇：
 - i. 「**範疇1**」涵蓋由匯報市場擁有或監控的業務直接產生的溫室氣體排放，主要源自公司車輛的燃油消耗(不包括我們承包商的車隊)；
 - ii. 「**範疇2**」涵蓋因在匯報市場內消耗的外購電力而引致的「**間接溫室氣體**」排放(不包括部分在百貨公司和/或商場內的零售點，其電費用不是單獨收取)。
2. 鑑於我們的業務性質，佐丹奴沒有察覺任何明顯危險廢物的產生。
3. 一些零售點在百貨公司和/或商場經營，該處的用水供應及排放由大廈管理處控制，故收集有關資料是不可行。
4. 紙張消耗量等同於匯報市場日常營運中購買的紙張量（不包括那些紙質購物袋和包裝材料）。
5. 購物袋消耗量等同在匯報市場內購買的紙質和塑料購物袋的用量。

Notes:

1. GHG Emissions
 - Due to our business nature, the significant air emissions of the Reporting Markets are the GHG emissions, arising mainly from the use of electricity and fuels derived from fossil fuels.
 - GHG emissions data is presented in carbon dioxide equivalent (in tonnes) and is computed with reference to:
 - i. the “2006 IPCC Guidelines for National Greenhouse Gas Inventories” issued by the Intergovernmental Panel on Climate Change (“IPCC”);
 - ii. the international reporting framework published by the World Resources Institute and the World Business Council for Sustainable Development, as reported in “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard”;
 - iii. the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)” issued by the Electrical and Mechanical Services Department and the Environmental Protection Department in Hong Kong;
 - iv. the sustainability reports of the Hong Kong Electric Company Ltd, the China Light and Power Company Ltd and the Companhia de Electricidade de Macau; and
 - v. the data published by the International Energy Agency.
 - In order to provide a more comprehensive view of our GHG impact, we have further classified the GHG emissions of Giordano into 2 scopes (as below), which are defined in accordance with the international reporting framework published by the World Resources Institute and the World Business Council for Sustainable Development, as reported in “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard”:
 - i. “**Scope 1**” covers direct emissions from operations that are owned or controlled by the Reporting Markets, arising mainly from fuel used by our own corporate vehicles (excluding the vehicle fleets of our contractors);
 - ii. “**Scope 2**” covers “**energy indirect**” emissions resulting from the generation of purchased electricity consumed within the Reporting Markets (excluding electricity consumed in some retail outlets in departmental stores and/or shopping malls where electricity is not separately charged).
2. In view of our business nature, Giordano is not aware of any significant generation of hazardous waste.
3. Some retail stores operate in shopping malls and/or departmental stores where water supply and discharge are controlled by the building management so the retrieval of the relevant data is not feasible.
4. The amount of paper use is the amount of paper purchased to support the daily operation of the Reporting Markets (excluding those of paper shopping bags and packaging material).
5. The amount of shopping bags consumed is the amount of paper and plastic shopping bags purchased for store use in the Reporting Markets.

環境層面 A3: 儘量減少對環境與自然資源的影響，以促進可持續發展

- (1) 佐丹奴十分關注保護環境與自然資源。我們竭力提高技術訣竅，儘量減少在生產和營運過程中對環境帶來負面影響。我們：
 - 在營運和決策時，將考慮到對環境所帶來的影響；
 - 不斷改善環保措施，加強目標和責任的評估、監督環保和管理；及
 - 嚴格地控制對環境產生的風險。
- (2) 佐丹奴在整個營運過程中依循嚴格的可持續發展措施，並把環保作為供應鏈管理的首要任務之一。我們十分關注生產過程中對環境帶來的風險因素，如廢料的排放等。因此，在揀選我們的供應商時，她們如何維護周遭環境是我們揀選標準之一。
- (3) 此外，我們引入綠色元素於我們的產品中，其中較近期的例子是使用丙綸作為我們G-Warmer系列極暖衣的其中一種主要成分，丙綸會在熱能和紫外光照射下氧化降解，而且可完全回收，循環再用。我們與戶外穿著品牌，**Lowe Alpine**，合作的聯乘系列亦使用有G-Tex薄膜的性能布料。G-Tex薄膜的生產過程中著重環保，獲得國際環保紡織標準100和Bluesign認證。



- (4) 與此同時，為支持環保，減少使用塑膠袋及鼓勵客戶自備購物袋，由2016年1月1日起，我們的店舖收取塑膠購物袋徵費超過香港特別行政區政府的規定，由每個HK\$0.5增加至HK\$1。

Environmental Aspect A3: Minimizing Impact on the Environment and Natural Resources for Sustainable Development

- (1) Giordano places great emphasis on protecting the environment and natural resources. We strive to improve our technical know-how to minimize negative impact on the environment during production and operations. We:
 - take into account the environmental impact of our activities and decisions;
 - continuously improve the environmental protection initiatives and strengthen target and responsibility assessments, environmental protection supervision and management; and
 - strictly control environmental risks.
- (2) Giordano follows strict sustainable development practices throughout its operations, and places environmental protection as one of its top priorities in the process of supply chain management. We are concerned with the environmental risk factors in production, such as emissions and waste discharge. Thus, in selection of our suppliers, their measure of protecting the surrounding environment is one of our selection criteria.
- (3) Moreover, we introduce green elements into our products. One recent example is the use of polypropylene, which is one of the major components of our G-Warmer thermal base layer collection. Polypropylene is degradable when exposed to heat and UV radiation, and is also fully recyclable. For our premium crossover collection with the outdoor wear brand, **Lowe Alpine**, we also use performance fabrics with G-Tex membrane, which is awarded the Oeko-Tex Standard 100 and the Bluesign certification for its eco-conscious production processes.

- (4) Furthermore, in support of environmental protection, we opted to charge more per plastic shopping bag than that requested by the Government of the HKSAR; that is, from HK\$0.5 to HK\$1, effective from 1 January 2016, to discourage the use of plastic bags and to encourage our customers to bring their own bags.

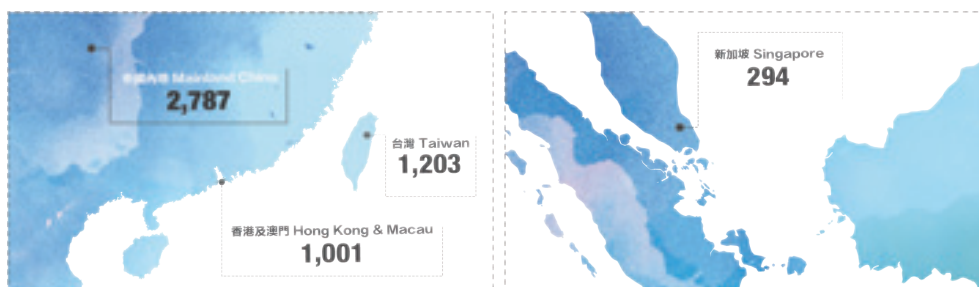
佐丹奴：關顧著我們的員工

社會層面 B1: 僱員

(1) 作為國際性的服裝零售商，佐丹奴的零售網絡遍佈世界五大洲。截至2016年12月31日，我們共有2,397間店舖，讓我們能夠在世界各地宣揚「沒有陌生人的世界」的信念。截至2016年12月31日，我們在匯報市場內的員工人數已達到5,285人：

圖2 Graphic 2

匯報市場的員工分布 Talent Distribution by the Reporting Markets



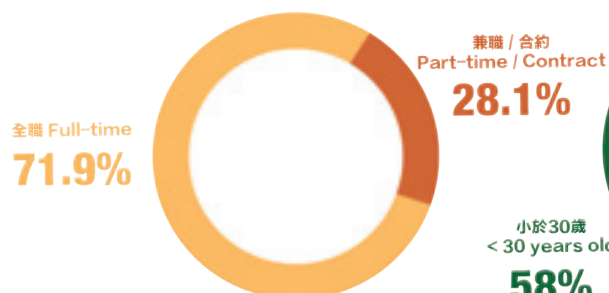
(2) 佐丹奴相信，要獲得長遠成功，全賴機構內每一位成員的貢獻。因此，佐丹奴以公平及尊重的態度對待員工。我們相信，通力合作、上下一心和互相信賴是佐丹奴根基所在。我們評選應徵者時會考慮其能力和長處，並按照員工的個人表現決定酬報和擢升。

• 尊重和落實多元化

我們認同並致力維護一個多元化的的工作環境，可見於以下我們員工的組合：

圖3 Graphic 3

僱傭類別分布 Employment Type Distribution



GIORDANO: CARING FOR OUR EMPLOYEES

Social Aspect B1: Employment

(1) As an international apparel retailer, Giordano's retail network spreads across five continents of the world, running a total of 2,397 shops as at 31 December 2016, enabling us to deliver our 'World Without Strangers' credo globally. For the Reporting Markets, our headcount reaches 5,285 talents as at 31 December 2016:

(2) Giordano believes that its long-term success depends on the contribution of each and every individual in the organization. As such, Giordano is committed towards treating its staff with fairness and respect. We believe in co-operation, teamwork and trust as the foundation of Giordano. We hire on the basis of ability and merit, and reward and promote on the basis of performance.

• Respecting and Reflecting Diversity

We believe in diversity and endeavor to safeguard a diverse working environment, which is reflected in the composition of our staff as demonstrated below:

女性員工佔比 Percentage of Female Composition

年齡分布 Age Distribution

30-50歲
30-50 years old
38.6%

大於50歲
> 50 years old
3.4%



員工 Staff

(3) 僱傭政策

佐丹奴有一系列僱傭政策、員工手冊和僱傭協議，以確保我們的員工可以在一個公平及公正的環境下工作，讓他們的權利和利益受到保障，包括：

i. 員工手冊

佐丹奴嚴格遵守相關勞工法規。對待所有員工都會一視同仁。他們的就業、薪酬和晉升不受他們的社會身份，如種族、國籍、性別、宗教、年齡、性取向、政治黨派和婚姻狀況所影響。

ii. 紀律守則

佐丹奴相信誠信和公平是重要的資產，亦是我們賴以長遠發展及成功的基石。因此，紀律守則的建立旨在向員工傳達我們對其職業操守的準則，從而要求他們堅守最高的業務和專業道德標準，以贏取我們的業務夥伴和客戶的信任，使業務持續增長。

iii. 密函檢舉政策

為要創建一個公開、透明和安全的工作環境，讓員工覺得能夠坦言，我們設有密函檢舉的長期政策，容讓他們提出任何疑慮，並使佐丹奴能有系統地及在保密的環境下跟進事情。

(4) 人治

i. 佐丹奴給予各職級員工具競爭力的薪酬待遇、股票期權和優厚的目標導向或績效獎金，以獎勵和留住高質素的領導團隊。

ii. 家庭友善僱傭措施

a. 彈性上班時間

我們希望員工可以同時兼顧工作及家庭，這是留住高質素員工並讓他們茁壯成長的關鍵。因此，我們致力營造一個能滿足員工及其家人需要的工作環境，並於今年率先在香港及台灣的辦公室實施彈性上班時間。

b. 支持母乳喂養

為支持我們的在職母親能在工作間抽取母乳的需要，我們在香港總部的辦公室特別為她們開闢了一指定的私人空間，供抽取母乳。

(3) Employment Policy

A series of policies, handbooks and protocols are in place in Giordano to help build a workplace where our staff are treated fairly and equally, with their rights and interests being protected. These include:

i. Staff Handbook

Giordano strictly complies with relevant labour laws and regulations. All staff are treated equally, and their employment, remuneration and promotion will not be affected by their social identities such as ethnicity, race, nationality, gender, religion, age, sexual orientation, political faction or marital status.

ii. Code of Conduct

Giordano believes that honesty, integrity and fairness are important values, and are crucial to our long-term development and success. Thus, the Code of Conduct has been established to convey our expected standards of conduct and practices to all staff, who are required to adhere to the highest standards of business and professional ethics so that we can earn the trust of our business partners and customers and grow our business.

iii. Whistle Blowing Policy

To create an open, transparent and safe working environment where staff are able to speak up, we have a longstanding whistleblowing policy in place that allows them to raise concerns and for Giordano to follow up cases in a systematic yet protective setting.

(4) People Management

i. Giordano offers competitive remuneration packages, share options and generous goal-oriented or performance-based bonuses tailored to the different levels of staff, as well as to reward and retain a high-caliber leadership team.

ii. Family-friendly Employment Practices

a. Flexi-time Arrangement at Work

We want our staff to both enjoy and succeed at work and at home. This is one of the keys to both retaining high quality staff and allowing them to thrive. That is why we strive to create a working environment which caters for the needs of our staff and their families, starting with the introduction of flexi-time work arrangements (initially in Hong Kong and Taiwan for office staff) this year.

b. Support for Breastfeeding

In support of our working mothers' needs of pumping milk in the workplace, we have specially designated a private space in the office of our Hong Kong Headquarters for expressing milk.

iii. 嘉許員工

Commended cases

讚揚個案：



除了公開客戶讚揚員工的個案外，我們香港總部於2016年9月增設「員工嘉許獎勵計劃」，以鼓勵及表揚員工在工作上有超越期望的表現或顯著的貢獻。每季提名傑出表現的員工，並頒贈嘉許證書及現金券，以示鼓勵。

iv. 長期服務獎

在我們香港總部，凡在公司服務滿五年、十年、二十及三十年之香港總部員工，均會獲頒長期服務獎。



v. 員工活動

為加強員工對佐丹奴的歸屬感，我們每年都安排了一系列的員工活動。今年，我們組織各種興趣小組活動，包括以下興趣班，以幫助他們保持工作、生活平衡的健康生活。員工可以低廉費用參加。

- **【迷你卡通奶皇月餅製作班】**



員工與親友按照自己的喜好，選擇喜愛的卡通模樣，親手製作卡通奶皇月餅。



iii. Acknowledging our Staff

Staff Commendation Award Scheme

員工嘉許獎勵計劃：



Not only do we publish and circulate real-life customer commendations to acknowledge our staff's good performance, our Hong Kong Headquarters has also additionally implemented a "Staff Commendation Award Scheme" in September 2016 to encourage and award our staff exceeding expected performance standards or having made significant contributions. Each quarter, outstanding staff will be nominated and awarded with a Staff Commendation Certificate and a cash coupon as a token of our appreciation.

iv. Long Service Award

Our Hong Kong Headquarters provides Long Service Awards to staff that have served the company for 5 years, 10 years, 20 years and 30 years respectively.



v. Staff Activities

To reinforce our staff's sense of belonging to Giordano, we arrange a wide range of activities every year. This year, we organized various interest group activities, some of which are detailed below, to help our staff maintain a healthy work-life balance and with participation at minimal cost.

- **【Course on Making Mini Cartoon Creamy Mooncakes】**

Staff and their relatives chose their favorite cartoon characters according to their preferences, and hand-made cartoon creamy mooncakes.

【D.I.Y. 頭飾興趣班】



員工一同學習，為自己及至愛製作喜愛的頭飾。

vi. 員工滿意度調查

- a. 每年，佐丹奴均會進行員工滿意度調查，以取得有用的回應，作為制訂公司政策時的參考。
- b. 為發展人才，我們今年也在香港總部舉辦以『經理的角色』為題的講座和進行『員工敬業度及職業規劃識別』的調查。

社會層面 B2: 職業健康與安全(職安健)

- (1) 職業健康與安全是佐丹奴整體安全框架的重要部分。在工作場所減少健康和安全的風險是一項重要和持續的目標。在 2016 年，我們繼續加強領導、管理系統和培訓，以強化安全文化和提升整體的職安健的表現。
- (2) 為確保一個安全的工作環境，我們：
 - i. 提供密集培訓，以提高員工的安全意識;
 - ii. 定期監察工作場所的安全，特別是分派區域主任監督店舖營運，以確保每個階段都操作安全;和
 - iii. 執行工作場所整潔大行動，包括辦公室、倉庫和店舖。

包括但不是限於:

a. 行動 1：發出通告及指引

提醒店員關注店舖安全的重要性

【 Course on D.I.Y. Headwear Making 】



Staff joined together to learn how to make their own favorite headwear for themselves and for their loved ones.

vi. Staff Satisfaction Surveys

- a. Each year, Giordano conducts staff satisfaction surveys to obtain useful feedback as reference for improving our policies.
- b. This year, for talent development, we also conducted a seminar on “Manager’s Roles” and a survey on “Staff’s Engagement and Career Planning” in Hong Kong Headquarters.


Social Aspect B2: Occupational Health and Safety (OHS)

- (1) OHS is a crucial component of Giordano’s overall safety framework. Reducing health and safety risks in the workplace is an important and constant objective. In 2016, we continued to reinforce our strong leadership, management system and training programme, to strengthen our safety culture and enhance our overall OHS performance.
- (2) To ensure a safe working environment, we:
 - i. provide intensive training programme for our staff to improve their safety awareness;
 - ii. regularly monitor workplace safety and particularly allocate District Supervisors to supervise and monitor shop operations to ensure each phase of which operates safely; and
 - iii. carry out workplace tidiness at our offices, warehouses and shops.

Including, but not limited to

a. Action 1: Issue of Notice & Guidance

Reminding shop staff of the importance of OSH



請各店舖留意：確保工作間及店舖安全

- 無論在任何情況，同事都不應在公眾地方造成阻礙！
例如：請勿把公司貨物擺放於公司店舖以外的行人通道上或商場的防煙門外，或任由推廣器材擱置在街道上等。
- 確保所有進出口及逃生通道保持在安全的狀況，並暢通無阻！
例如：請勿把公司貨物或任何物件擺放於進出口及通道上。

店舖安全管理有賴各位同事的參與和支持，
如違反有關法律規例條文，一經定罪，最高可被判罰HK\$200,000。
工作地點的負責人如被裁定蓄意、明知或罔顧後果地犯該罪行，將可能負上監禁刑責。

****必須對顧客及同事負責任，以確保提供一個安全的購物和工作環境**

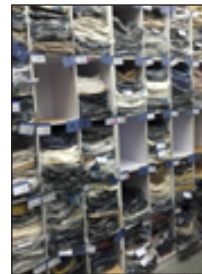
GIORDANO

b. 行動 2：安排職安健講座

b. Action 2: Arranging OSH Seminars

c. 行動 3：良好工作場所整理

c. Action 3: Good Housekeeping at Workplace



d. 行動 4：佐丹奴公司內聯網上有關於職業安全及健康小百科的專頁

d. Action 4: Hosting the webpage “Tips on Occupational Health & Safety” on Giordano’s Intranet



社會層面 B3: 人才發展戰略

Social Aspect B3: Talent Development Strategy

(1) 佐丹奴對鼓勵員工學習一向不遺餘力，我們認為價值觀、公平、持續的專業及個人發展機會是成功者致勝的關鍵。因此，我們不僅著重投資在員工銷售和客戶服務的全面培訓和發展，也在管理、規劃和領導上提供訓練，以迎合員工及客戶的職業和個人發展需要，並挽留能幹及主動的工作團隊。

(1) Giordano encourages learning and recognizes that values and fairness as well as opportunities for continuing professional and personal development are equally important drivers for high achievers. As such, we invest heavily not only in comprehensive staff training and development programme in sales and service, but also in management, planning and leadership programme, to address our staff's professional and personal development needs and to retain a skilled and motivated workforce.



(2) 追隨3E（即經濟、快速和果效）政策，佐丹奴今年展開了由部門主管進行的團隊審查，以識別人才作發展。

(3) 速成管理實習生計劃

佐丹奴非常重視培育人才，使其具備國際視野、洞察國際慣例和強勁競爭力。自九零年代起，佐丹奴透過管理實習生(“MT”)計劃，積極培育零售人才，成果令人滿意。在2014年起，我們在香港總部恢復MT計劃，並大幅度修改及提升課程內容，以確保參與者得到一個整全的培訓經驗。及至今年畢業後，成功的畢業生已直接被委任至中層管理角色。這次改革包括提高在學術水平的要求及調整培訓大綱，以涵概公司內各部門和職能的實際職務，因此實習生被稱為速成者(“FT’s”)。

第一階段我們收到超過 700 多份申請。申請人大部份是大學本科以上學歷的畢業生，也有許多持有碩士學位。佐丹奴沒有限定錄取人數，只視乎申請人的質素而定。最終約有30人獲錄用，而於2016年成功畢業的有15人。

這個兩年計劃要求所有MT先在佐丹奴的店舖實習3個月，以瞭解業務營運。其後21個月的輪換安排，將被安置到公司總部內不同部門的不同崗位 — 這實質是借鏡於國際律師事務所提供的培訓課程。這批成功於2016畢業的實習生，現已擔任一些重要的角色，包括產品開發、管理以及品牌管理，且有些已進駐海外。

我們還計劃於2017年在中國內地推行香港模式的速成者課程。已於2016年10月聘請了14位來自6所內地大學的MT，他們將於2017年7月至2019年6月在北京、上海、武漢和深圳接受輪崗培訓。

(4) 內部培訓課程

佐丹奴一向致力投資於員工學習和發展，以維持其競爭優勢。我們相信「持續更新專業才能，不斷分享新知」才能與時並進。我們投放了很多資源在員工的培訓和發展上，為要維持一個能幹、專業和道德的工作團隊，以助公司的成功。今年，我們為前線員工和非前線員工分別提供了超過29,000小時及4,300小時的內部培訓。

圖4 Graphic 4



(2) Pursuant to our 3E (i.e. Economy, Efficiency and Effectiveness) policy, Giordano conducted a review of the team structure by department heads in an attempt to identify talents for development this year.

(3) Fast-Track Management Trainee Scheme

Giordano has always placed a strong focus on cultivating talents with international perspective, insight into international practices and strong competitiveness. Ever since the 1990's, Giordano has operated Management Trainee (the “MT”) programme to nurture retailing talents, with satisfactory results. In 2014, we modified and upgraded our MT Scheme in Hong Kong Headquarters to ensure that participants received a holistic and comprehensive training experience, such that upon graduation, successful graduates could be placed directly into middle-management roles. This reform included a tightening in our admission requirements in terms of academic result requirements and a restructuring of the syllabus to include real business tasks in various departments and functions within Giordano, hence renaming the trainees to the Fast-Trackers (the “FT’s”).

The first intake received over 700 applications – the majority of applicants were university graduates with Bachelor degrees, and many are Master degree holders. Giordano has not set intake amount and will adjust the number of offers made based on the quality of the applicants. Finally, approximately 30 were taken on and 15 successfully graduated in 2016.

This 2-year Scheme is designed such that all FT's would be required to first spend 3 months working in Giordano's stores to understand the essence of our business, followed by a 21-month rotation where they would be placed in different 'seats' in different departments within our headquarters – a model mirrored on training programme offered by leading international law firms. Those successfully graduated in 2016 have now taken on some important roles with some stationed in overseas regions, including product development and management as well as brand management.

We also aim at launching a Hong Kong style Fast Tracker programme in Mainland China in 2017. 14 MT's from 6 local universities have been hired in October 2016, who would be trained with rotated roles in Beijing, Shanghai, Wuhan and Shenzhen from July 2017 to June 2019.

(4) In-House Training Programme

Giordano invests heavily in learning and development to maintain its competitive edge. We believe, that continual updating of professional skills and the sharing of knowledge will allow the company to grow with the times. We therefore allocate ample resources to staff training and development with the aim of sustaining a competent, professional and ethical staff force that will contribute to the success of the company. In 2016, over 29,000 hours of in-house training were delivered to our frontline staff and over 4,300 hours were delivered to non-frontline staff.

GIORDANO

i. 以人為本、培育成功特質

我們針對不同的工作需要，定期為各個崗位的員工舉辦內部培訓及在職進修課程，務求除了提升員工工作表現外，亦藉此自我增值，迎接新挑戰。

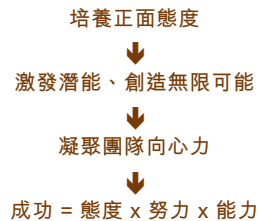
• 員工入職講座



進修和重溫的培訓課程旨在確保員工具備最新的資訊和技能，以履行職責時達致最高標準。



ii. 其他內部培訓課程的設計旨在協助員工發揮潛力，建立事業和提高他們的管理和人際技巧。



• 【永不放棄課程系列】



i. Our People-oriented Approach towards Cultivating Staff

Based on our staff's different needs, we regularly organize internal training and on-job training for staff in different roles - not only to improve staff's work performance, but also to help equip them with new skills to face new challenges.

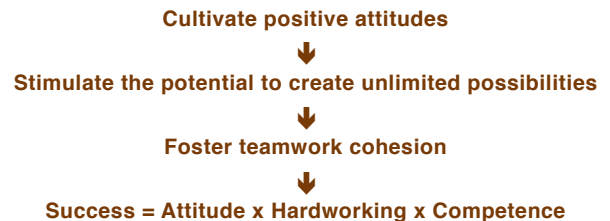
• Induction talk for new staff



Reinforcement and refresher training programme equip staff with the latest information and skills to carry out their duties to the highest standards.



ii. Other internal training offerings are designed to help staff develop their capabilities, advance their careers and enhance their management and interpersonal skills.



• 【Never Give Up series】



• 【師兄姊的貨場指導】

資深店舖員工致力照顧新成員,帶動他們達到服務傳承。

• 【Buddying for New Frontline Staff】

More experienced staff take on the role of mentors and help take care of new members as part of our service heritage.



iii. 佐丹奴企業管理筆記簿

植根於佐丹奴多年的核心價值、企業文化和累積經驗,是我們成功的要素。在我們的主席劉國權博士的帶領下,佐丹奴集合不同部門同事的力量,將這些寶貴的資料歸納成四冊筆記簿,供員工隨時參考。我們希望將以經驗、能力和專業揉合而成的寶貴專業知識,讓我們的員工長遠地得益。



iii. Giordano Corporate Management Guide

Giordano's core values, corporate culture and accumulated experience are all parts of our success story. Under the leadership of our Chairman, Dr. Peter Lau, together with the contribution from different staff members from various departments, we have summarized this information into four guide books for staff's easy reference. The aim is to turn tacit knowledge built on experiences, aptitudes and know-how into explicit knowledge for the benefit of all staff members in the long term.

iv. 「學習天地」專頁的網上學習資源



iv. Online Learning Resources on the "Knowledge is Golden" Webpage

a. 「佐記黃金庫」Giordano Library



b. 「Professor G網誌」Professor G Blog



v. 自導學習計劃

自1999年起，香港總部透過自導學習計劃，營造持續學習氣候，引導每位員工不斷進取、自我增值，朝著目標邁進。



vi. 培訓需求問卷調查

我們每年都進行培訓及需求問卷調查，以了解各職級員工的培訓期望、需要，從而為他們設計合適的課程，提高課程的實用性。

vii. 進修津貼

a. 進修津貼計劃

為鼓勵員工增進知識及技能，促進個人成長，使其在工作表現及未來事業發展上均獲得裨益，香港總部設立了「進修津貼計劃」，以資助員工報讀與工作相關的外間訓練課程。

b. 學術進修資助計劃

於2016年9月，佐丹奴開始推行「學術進修資助計劃」，為合資格及有志於進修的管理人員及有潛質的管理人員提供資助，以進修更高學歷，如學位課程、碩士學位課程或其他專業資格課程等。

viii. 為門市員工而設的職業發展計劃

為使員工有更多發展機會及加強員工對工作的滿足感，我們推行「職業發展計劃」。此計劃適用於各門市員工，由部門主管提名員工參與，旨在培訓員工所需的職業技能以助職業發展。

社會層面 B4: 勞工標準和人權政策

在任何營運中(包括我們的供應商的生產設施)，佐丹奴禁止僱用童工、強迫或強制勞動。在2016年，我們沒有發現任何操作或供應商有僱用童工、使年輕的工人執行危險工作、強迫或強制勞動。

v. Self-Learning Scheme

Through an Employee Self-Learning Programme adopted since 1999 in Hong Kong Headquarters, we foster a continuous learning atmosphere to promote staff's individual initiative and responsibility for development.

Scheme Objective 計劃宗旨：

- (1) 培養自我增值的好習慣;
- (2) 善用工餘時間，提升個人能力

我們一直深信員工是我們最寶貴的資產，因此不斷鼓勵員工努力不懈、以各種方式追求及豐富自己的知識，提升個人技能及培養積極的待人處世態度。

vi. Survey on Training Needs

Each year, we conduct a survey on Training Needs in order to understand our staff's different expectations and needs, which aids in designing the useful and practical training programme for them.

vii. Training Subsidy

a. Training Allowance Scheme

To encourage our staff to enhance their knowledge and skills for personal growth, which benefits their work performance and future career development, Hong Kong Headquarters has set up a "Training Allowance Scheme" to subsidize our staff in taking external work-related training courses.

b. Management Academic Assistance Scheme

In September 2016, Giordano devised the Management Academic Assistance Scheme which is designed to develop existing and future management talent through supporting successful applicants that wish to pursue higher education, such as studying in undergraduate and postgraduate degrees or the attainment of professional qualifications or accreditation, by way of financial support.

viii. Career Development Programme for Shop Staff

To provide shop staff with more opportunities for development and enhance their job satisfaction, we have launched a Career Development Programme. It is tailored for those shop staff nominated by department heads, aiming to equip staff with the skills they require to develop their careers through additional training.

Social Aspect B4: Policies on Labour Standards and Human Rights

Giordano prohibits the employment of child, forced or compulsory labour in any of its operations, including at suppliers' production facilities. In 2016, we did not identify any operation or suppliers having significant risks of child labour, young workers exposed to hazardous works, or forced or compulsory labour.

佐丹奴：關顧著我們的供應商

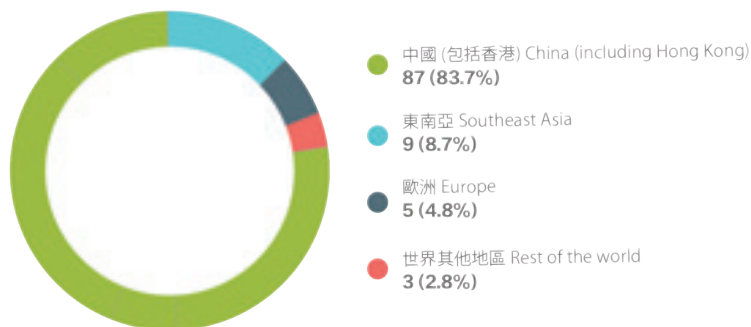
社會層面 B5: 高效的供應鏈管理

在佐丹奴，供應鏈管理是建基於滿足顧客需要為大前提，從完善的計劃和信息共享中，使更充分地協調供應、製造、倉儲、配送等各渠道環節。當資源能更有效地整合起來時，我們就能降低成本，使效益最大化。

截至2016年12月31日，佐丹奴共有104家供應商，分布在世界各地：

圖5 Graphic 5

供貨商的地域分布 Suppliers by Geographical Region



附註：

- 「供貨商」是指與佐丹奴集團有直接業務往來的服裝和配襯用品生產商。
- 供貨商的位置是根據其生產單位及總部的位置而釐定。

我們已建立完整的供應商的品質監控機制，包括對供應商的審核和評估、品質檢驗及監督、並拓展與供應商戰略性的合作和物料採購。

我們積極促進供應鏈的可持續發展，並與我們的合作夥伴聯合履行企業社會責任，為公眾提供高品質的產品和服務。因此，供應鏈管理在佐丹奴的品質監控系統中是一關鍵環節。

(1) 道德採購

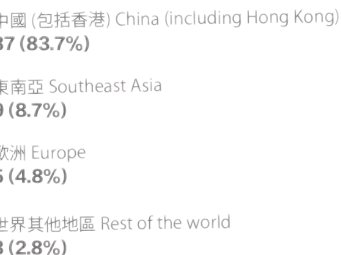
供應鏈管理是佐丹奴的成功關鍵。我們與供應商緊密合作，確保她們符合我們對品質、表現及勞務準則。我們更特別要求她們遵守以下核心道德採購規定：

GIORDANO: CARING FOR OUR SUPPLIERS

Social Aspect B5: Efficient Supply Chain Management

At Giordano, supply chain management is based on the premise of satisfying customers' needs, and better coordination among the various functions of our business, such as the supplies, manufacturing, warehousing and distribution by better planning and through information sharing. Through more effective integration of resources, we thus reduce costs and maximize efficiency.

As at 31 December 2016, Giordano had a total of 104 suppliers, located in different parts of the world:



Notes:

- "Suppliers" refer to the manufacturers of apparel and accessories which are directly engaged by Giordano.
- The geographical location of a supplier is based on the location of its production facilities and its headquarters.

We have established a complete supplier quality assurance mechanism, which covers supplier approval and evaluation, quality inspection and supervision, strategic supplier development and materials procurement.

Besides, we actively promote the sustainable development of our supply chain and the joint fulfillment of corporate social responsibility with our partners to provide the public with high quality products and services. As such, supply chain management is always one of the key links in Giordano's quality control system.

(1) Ethical Sourcing

As supply chain management is critical for Giordano's success, we work closely with suppliers to ensure that they comply with our quality, performance and not least labour standards. In particular, we expect them to comply with the below Core Ethical Sourcing Requirements:

供應商

- 聘用的員工必須符合當地法定的最低工作年齡；
- 不會在其生產設施的任何部份或任何方面僱用受強迫或被監禁的勞工；
- 不得虐待或威嚇虐待員工；
- 不得抵觸當地環保法律和法規；
- 須為員工提供安全健康的工作環境；及
- 需符合我們的各種標準，並致力於跟進糾正。

我們旨在與持有相似價值觀和原則之供應商合作。只有那些能遵守我們的核心道德採購規定之供應商，又致力改善其勞務、安全健康及環境措施等，我們才會向她們採購。因此，在聘用之先，新供應商必須完成並通過我們的道德審計問卷。

(2) 質量監控機制

- 佐丹奴一直以高規格的審查系統來揀選供應商。我們的品質監控團隊將會評估供應商的資格，並進行現場審查產品品質、適用性和品質一致性的測試。當她們通過我們的審查和評估後，方被納入採購的“合格供應商名單”。再者，我們也會長期監察和定期審查所有供應商的質素。若供應商資格有重大變化、或有嚴重的品質問題，我們或會立即暫停供應商的交貨；如有需要，甚至取消其供應商的資格，以保證產品的品質。此外，我們的品質監控團隊會不時進行突擊審查，以確保供應商符合我們各方面的標準。
- 為了減輕我們的供應鏈對環境和社會帶來的風險，以及協助我們的供應商的可持續發展，我們會向主要的供應商派發「質量手冊」，涵蓋了以下的指導性文件：
 - 供應商行為守則；
 - 工作場所標準；
 - 產品安全和管制物質規格；及
 - 接受和饋贈政策。
- 我們已建立一個供應商的資料庫，通過線上交易，為供應商提供公平、透明和競爭的機會。藉“開放業務、監控流程、完備記錄、並永久可追溯性”作為賣點，從而確保採購產品和服務的質素。

The Supplier

- only employs workers that are above the local legal minimum age;
- does not use forced or prison labour in any part or aspects of its facilities;
- does not, or threaten to, physically abuse its workers;
- does not contravene local environmental laws and regulations;
- provides a safe and healthy work environment for its workers; and
- is compliant with our various standards and committed to following up corrective actions.

We aim to do business with those suppliers sharing similar values and principles, and intend to purchase from those who meet our above Core Ethical Sourcing Requirements and have demonstrated a commitment to improving their standards on labour, health and safety, and environmental practices. Thus, prior to engagement, new suppliers are required to complete and pass our Ethical Audit Questionnaire.

(2) Quality Assurance Mechanism

- Giordano exercises a high level of scrutiny over the selection of suppliers. Based on adequate qualifications, suppliers are subject to assessment and on-site audits on product quality as well as suitability and quality consistency tests made by our Quality Assurance team. They should pass our audits and assessments before being included into the “Qualified Supplier List” for purchases. Also, to ensure our product quality, we carry out long-term quality monitoring and regular audits/reviews on all suppliers. Should there be any significant change in a supplier’s qualification or serious quality issue, we may suspend its deliveries immediately and, if necessary, cancel its status as a qualified supplier. Moreover, our unannounced inspections from time-to-time will ensure our suppliers comply with our various standards.
- In order to mitigate environmental and social risk within our supply chain, and to promote the sustainable development of our suppliers, a “Quality Manual” which covers below guiding documents is also distributed to our key suppliers
 - Suppliers Code of Conduct;
 - Workplace Standards;
 - Product Safety and Regulated Substances Specification; and
 - Accepting and Offering Policy.
- A supplier database has been established, and through on-line transactions, we provide suppliers with fair, transparent and competitive opportunities. With “open business, controlled processes, fully documented and permanently traceable” as our watchwords, we thus ensure the quality of procured products and services compliant with our standards.

GIORDANO

(3) 創新技術提高競爭力

- i. 佐丹奴會用心檢視生產過程中每個環節可能出現的問題，旨在與供應商共同找出可以進一步改善的空間。透過優化過程、提升技術、精進工藝，不但大大提高供應商的生產效率及產品質素，亦有助她們提升自身能力，以面對更具挑戰性的市場環境，並加強競爭力。雙方在這亦師亦友的合作關係之下，也令彼此友誼更穩固且更深厚。
- ii. 除了投資於我們自己的員工，佐丹奴也投資於大中華地區的業務夥伴和加盟商的培訓和發展，以協助她們在現今瞬息萬變、競爭激烈的市場上更具競爭力。

• 環保節能的半自動化生產模式

佐丹奴留意到科技在提高生產效率以及保護環境兩者中所擔當的角色，我們與供應商緊密合作，運用環保節能的技術改進生產過程。作為佐丹奴最大的供應商，迅捷環球製衣(香港)有限公司在今年九月為旗下的生產單位引入半自動化生產模式，利用智能吊掛系統，再配合運用了射頻識別技術(簡稱「RFID」)的生產管理系統，將半製成品在完成一個縫紉程序後自動送到下一個程序，同時實時監控生產線的進度以及製成品的品質，從而加快了整個生產過程。以生產polo衫為例，半自動化生產模式令貨期縮短了10%，翻工率亦降低了3%。



傳統的非自動化生產模式 - 半製成品在完成一個縫紉程序後，放入塑膠籃子中；待籃子放滿後，工人用手推送籃子給下一個工人繼續縫紉

Before: No Automation – Semi-finished garments were transported manually by baskets from one work station to the next.

(3) Technological Innovation Improves Competitiveness

- i. Giordano will carefully examine every detail of the production process and raise any issues that may be discovered, with the aim of working with its suppliers to identify possible areas of further improvement. By optimizing the process, upgrading the technology and improving the workmanship, the suppliers not only greatly improve their production efficiency and product quality, but also help upgrade their capabilities in response to more challenging markets and enhance their competitiveness. This close-knit working relationship between both sides allows the parties to maintain a more stable and mutually benefit cooperation.
- ii. In addition to investing in our own people, Giordano also invests in training and development programme for its business partners and franchisees in the Greater China region to help them better compete in today's rapidly changing and highly competitive market.

• Green Semi-Automation in Production

Giordano is conscious of the role that technology plays in driving production efficiency and in protecting the environment. We work closely with our suppliers to improve their production processes via environmentally-friendly technology. In September 2016, our largest supplier, Speedy Garment Manufacturing (Hong Kong) Company Limited, introduced semi-automation into its production facility, of which semi-finished garments are automatically transported from one step to another during the construction process. Through the Intelligent Hanger System using Radio Frequency Identification (the "RFID") in production management, semi-automation helps to monitor the real-time production status and quality, so as to speed up the entire production process. Taking the manufacturing of polo shirts as an example, the production lead time has been shortened by 10% and the rework rate has been reduced by 3%.



現時推行的半自動化生產模式 - 半製成品在完成一個縫紉程序後，由內置有RFID標籤的智能掛架自動送給下一個工人繼續縫紉

After: Semi-Automation – Semi-finished garments are transported automatically by intelligent hangers with RFID tags.

GIORDANO

在提高生產效率的同時，半自動化生產模式的設計亦以環保節能為主，減低對環境的影響：

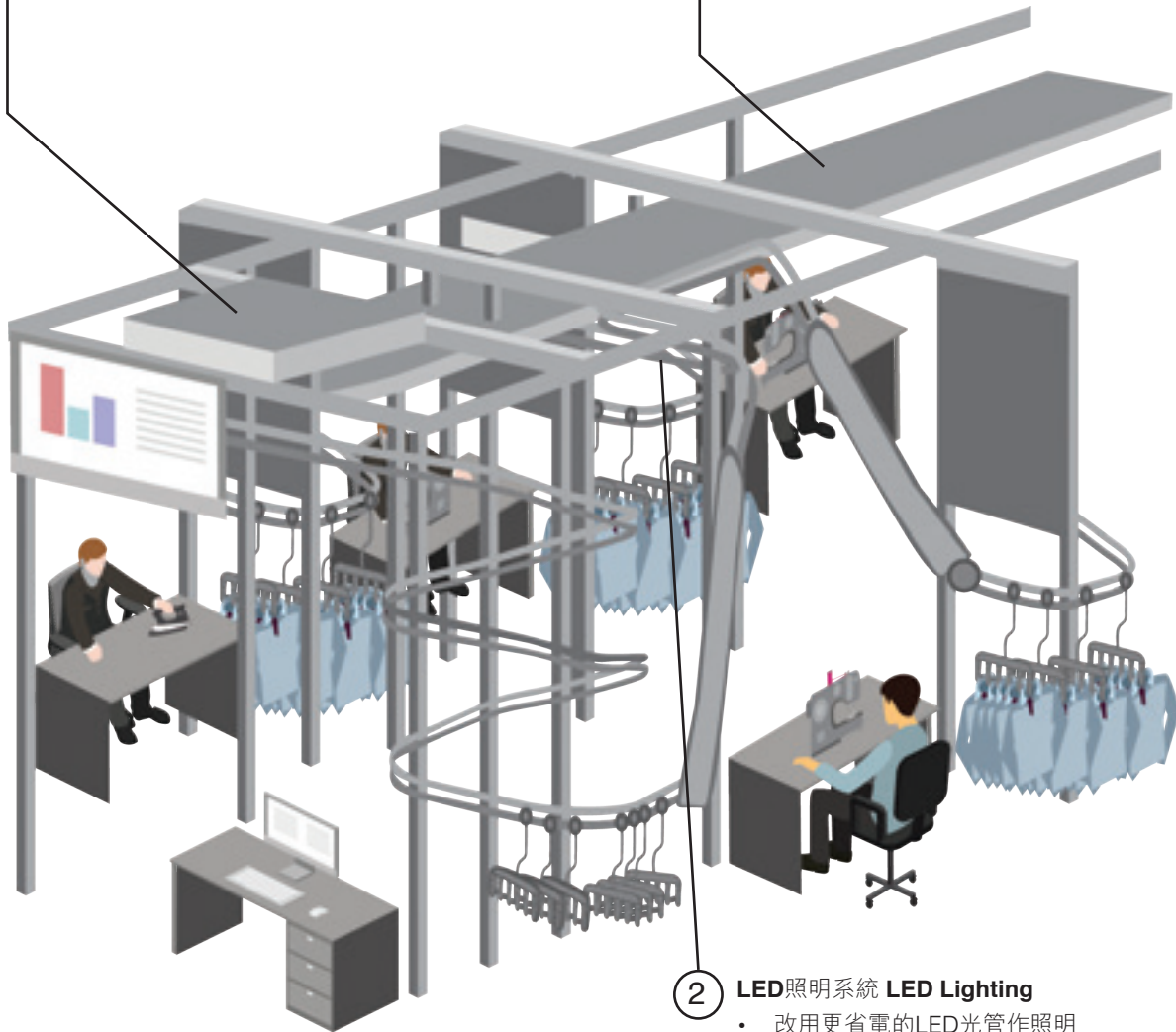
While enhancing the production efficiency, the semi-automation is also environmentally-friendly in terms of its design:

1 配備變壓器 Use of Transformer

- 讓半自動化模式能摒棄坊間常用的750瓦特發電機，改用電功率只有400瓦特的發電機，令日常操作的耗電量能減低至同類型模式的差不多一半
- Facilitates the use of a 400W electricity generator to support the operation of the semi-automation system, instead of the conventional 750W units, of which the daily electricity consumption can be reduced by almost half

3 活動組件採用無油潤滑 Non-oil-lubricating moving components

- 不採用含重金屬及化學成分的潤滑油，以免污染環境
- Avoid environmental pollution through the use of lubricating oils, which contain heavy metals and chemicals



2 LED照明系統 LED Lighting

- 改用更省電的LED光管作照明
- Replace lighting with more energy-efficient LEDs

(4) 庫存控制

- i. 庫存控制是採購效率的關鍵指標，亦是佐丹奴的核心競爭力。「零倉存」是佐丹奴對存貨控制的另一個核心價值，我們將繼續謹慎地調整我們的庫存群組。每當存貨屯積消失時，獲利率和盈利能力自然會進一步改善。由於有效的庫存控制，我們庫存量仍然運作健全，截至2016年12月31日的庫存周轉天數為78天。
- ii. 除了統籌自己的庫存，佐丹奴也負責任地監控供應商及中國內地加盟商的庫存，以確保不會屯積資產負債表的庫存量而危及我們的採購規劃的靈活性和批發的業務。

(5) 基於交貨期的線上限額採購系統 (“DBOTB”)

佐丹奴於2016年起實施線上DBOTB，以：

- i. 有系統地控制和調整採購訂單和交貨日程表；
- ii. 提高買家、子公司及總部之間的線上溝通；
- iii. 縮短採購計劃和購買流程；
- iv. 可迅速回應市場動態；和
- v. 在執行配送貨物時，提高總部的視野，繼而最大化銷售機會。

(4) Inventory Control

- i. Inventory control is a key indicator of merchandising efficiency and remains a core competence of Giordano. “ZERO STORAGE” is another core values of Giordano’s inventory control. We will continue to cautiously adjust our store portfolio and, once the resultant overstock depletes, our margins and profitability further recover. As a result of our effective inventory control, our inventories remained healthy, with inventory turnover days on cost for the year ended 31 December 2016 being 78 days.
- ii. In addition to our own consolidated inventories, Giordano responsibly monitors inventories held at our suppliers and the franchisees in Mainland China to ensure that we do not build up off-balance sheet inventories that would jeopardize our merchandising flexibility and wholesale business in future.

(5) On-line Delivery Based Open-to-Buy Application (“DBOTB”)

Giordano started implementing an on-line DBOTB in 2016, which:

- i. systematically controls and adjusts purchase orders and delivery schedules;
- ii. improves communication among buyers, subsidiaries and headquarters on-line;
- iii. shortens the planning and buying process;
- iv. allows prompt response to dynamic market conditions; and
- v. enhances headquarters’ visibility when performing stock allocation and hence maximizing sales opportunities.

佐丹奴：關顧著我們的客戶

社會層面 B6: 服務和產品責任

在佐丹奴，我們不斷努力為客戶提供最有啟發性的購物體驗。我們透過「**讓人們感受良好和充滿希望**」這一直向前的使命，充分表達了我們對提供卓越服務和品質的承諾。

(1) “佐丹奴就是服務”活動

佐丹奴對提供卓越服務的承諾源於1989年首次推出的「**佐丹奴就是服務**」活動，當時每位員工都穿著印有「佐丹奴就是服務」的黃色徽章。從那時起，提供優質服務就成為佐丹奴的宗旨之一。

為了確保每位員工提供優質的客戶服務，我們除了經常在店舖進行員工表現評估，還會邀請神秘顧客來評核前線員工的表現。我們致力為客戶提供優質服務，成績有目共睹，多年來獲得多項與服務相關的獎項，包括香港零售管理協會頒發的「2016傑出服務獎」，共分為以下四大類別：

- 傑出服務店舖 - 金獎；
- 時裝飾物店組別(基層級別)－得獎者；
- 兒童商品組別(基層級別)－得獎者；及
- 優越表現獎。



「超越顧客期望」是多年來佐丹奴秉承的一個簡單宗旨。至於，如何「超越」顧客期望，具體實現可透過「為顧客多想一步」、「度身訂造的服務」來達成。我們的店員能提供專業意見、靈活而迅速的反應，幫助客人選購符合他們需要的貨品。

GIORDANO: CARING FOR OUR CUSTOMERS

Social Aspect B6: Service and Product Liability

At Giordano, we continuously strive to provide our customers with the most enlightening shopping experience. Giordano's straight-forward mission, '**To Make People FEEL GOOD and LOOK GREAT**', has fully revealed our total commitment to superior service and outstanding quality.

(1) “Giordano Means Service” Campaign

Giordano's commitment to superior service stems from the “**Giordano Means Service**” campaign which was first launched in 1989, at which time every staff wore yellow badges bearing the words “Giordano Means Service”. Since then, quality service has become one of the tenets of Giordano.

To ensure every shop staff offers excellent customer service, we conduct performance evaluations frequently at the store level, as well as for frontline staff by mystery shoppers. Our efforts to provide excellent customer service have been recognized by a long list of service-related awards we have received over the years, including the “2016 Service & Courtesy Award” presented by the Hong Kong Retail Management Association in the following 4 categories:

- Best Service Outlet – Gold Award;
- Fashion & Accessories Category (Junior Frontline Level) – Winner;
- Kids' Merchandise Category (Junior Frontline Level) – Winner; and
- Outstanding Performance Award.



經濟日報全版 Economic Daily News (6/12/2016)

“Exceeding customers’ expectations” is a simple objective that Giordano has upheld for many years, which we achieve through “thinking one step ahead for customers’ needs” and “providing tailor-made services”. Our frontline staff provide professional advice and flexible and rapid response to customers, helping them choose the right products in need.

(2) 健康及安全

- i. 除了為客人提供專業的顧客服務外，一個舒適及安全的購物環境也是愉快的購物體驗所必需的。因此，我們致力 (a) 為員工和顧客提供安全及健康的環境，並 (b) 在營商場所排除可避免的意外及危害健康的事故發生。
- ii. 如前述環境層面B5(2)ii，我們為供應商提供一份質量手冊作參考，說明對她們的標準及規格要求。此外，我們也定期提醒主要供應商有關我們的接受和提供利益的政策。
- iii. 我們要求供應商遵守相關適用法規，並定期更新佐丹奴禁用的有害物質和不人道的生產過程（例如：「噴砂」和「生拔鵝毛」）。
- iv. 我們也聘請獨立和認可的第三方實驗室測試我們的物料和產品，以確保符合國際安全標準。

社會層面 B7: 反貪污

- (1) 我們絕對不能容忍賄賂和貪污，而我們的紀律守則就是讓員工明確瞭解到佐丹奴的嚴格的反貪污、反賄賂和利益衝突的標準、饋贈政策、採購和密函檢舉政策，並如何處理佐丹奴股份之交易及投資政策。
- (2) 為了確保員工恪守我們的嚴格要求及高道德標準，所有員工均須至少每年填報一次「利益申報書」。如遇有任何利益衝突情況時，有關員工須立即更新填報此利益申報書。
- (3) 我們經常舉辦有關反貪污的研討會，為要提升員工的商業誠信和道德操守。例如，在2016年1月，我們邀請了廉政公署的代表在香港總部為新入職的員工舉辦了以防止貪污及誠信管理為題的座談會。

(2) Safety and Health

- i. In addition to the professional customer service, a pleasant shopping experience also requires a comfortable and safe shopping environment. We are committed to (a) ensuring a safe and healthy environment for our staff and customers, and (b) eliminating preventable accidents and health hazards in our business locations.
- ii. As mentioned in earlier Environmental Aspect B5(2)ii, we do have a Quality Manual setting forth our standards and specification for our suppliers' compliance reference. We also regularly issue reminders of our policy of accepting and offering interest to core suppliers.
- iii. We demand our suppliers to comply with all applicable laws and regulations on product safety, and regularly update them of the hazardous substance and inhumane production processes banned by Giordano, such as the "sandblasting" process and the "live-plucking" goose down process.
- iv. We also engage independent and accredited third party laboratories to test our materials and products, to ensure compliance with the international safety standards.

Social Aspect B7: Anti-corruption

- (1) We adopt a zero-tolerance approach towards bribery and corruption, and our Code of Conduct clearly informs our staff of Giordano's strict standards regarding anti-corruption, anti-bribery, conflicts of interest, gift, procurement and whistle-blowing policies, as well as our policies on dealings and investment in Giordano's shares.
- (2) To ensure that our staff comply with the requirements imposed and uphold high ethical standards, all staff are required to complete and submit a "Declaration of Interests" at least once a year. If there are any cases of conflict of interest, the relevant staff are required to update their declaration immediately.
- (3) We also proactively promote business integrity and ethics among our staff by organizing seminars on anti-corruption. For example, Hong Kong Headquarters invited representatives from the Independent Commission Against Corruption to make a presentation on the topic of corruption prevention and integrity management for our new staff in January 2016.

佐丹奴：關顧著我們的社區

社會層面 B8: 社區參與

「回饋社會」是佐丹奴非常重要的經營宗旨。秉承「沒有陌生人的世界」這個信念，佐丹奴積極支持各慈善機構及慈善活動，特別關注與教育、兒童及弱勢社群有關的項目。

佐丹奴參與了一些持續教育工程項目。於2014年，我們與Room to Read 聯合推出了「不要閱讀此」活動，通過在佐丹奴店舖銷售限量版T恤，為非牟利組織籌集資金。藉佐丹奴的捐贈，Room to Read 為兩個印度語貧困兒童出版了兩本兒童書籍共15,000本。這個對弱勢兒童教育的關注，也見諸於佐丹奴的另一項專案—希望工程，是由中國青少年發展基金會籌劃的公共服務項目。佐丹奴為此項目的長期支持者，透過資金捐助興建佐丹奴希望小學，為內地貧困農村的兒童提供小學教育之機會。截至2016年底，已設立了22所佐丹奴希望小學。此外，我們亦捐助福幼基金會，表達對中國大陸兒童福利的支持。



新報 Hong Kong Daily News (11/9/2014)

藉著投放資源在不同的社區項目，我們重視在服務的社區裏創造價值。我們務求惠及社群，通過彼此協作、員工的志願參與和策略性的捐獻，致力地在所營運的社區帶來正能量。我們的社區參與和捐贈，正正反映著：我們承諾致力參與社區服務，不論以現金和實物方式捐贈、抑或是員工的參與。

GIORDANO: CARING FOR OUR COMMUNITY

Social Aspect B8: Community Involvement

Contributing to our community is a very important part of Giordano's ethos. Acting on our belief in a **'World Without Strangers'**, Giordano actively supports various charitable organizations and causes, especially those associated with education, children and the underprivileged.

Giordano is engaged in a number of ongoing educational projects. In 2014, we launched the **"Do Not Read This"** campaign in conjunction with **Room to Read**, which raised funds for the non-profit organization through selling limited edition T-shirts in Giordano's shops. Using Giordano's donations, Room to Read published 15,000 copies of two children's books in two Indian languages for underprivileged children. This focus on education for underprivileged children is also evident in another one of Giordano's ongoing projects. Project Hope, a public service project organized by the China Youth Development Foundation. Giordano has been a long-standing supporter of the project's work in providing children in poverty-stricken rural areas of Mainland China with access to primary school education by funding the construction of a number of Giordano Hope primary schools. As at the end of 2016, 22 Giordano primary schools of Hope have been completed. We also donated to the Caring for Children Foundation in support of children's welfare in the Mainland.



其中一本以印地語撰寫的兒童書籍，由佐丹奴捐贈及由Room to Read出版

One of the children books, in Hindi, published by Room to Read with Giordano's donation

We place high priority in creating value for the communities we serve, which is illustrated through our investment in a variety of community initiatives. We strive to create a positive impact on the communities where we conduct business, through collaboration, capacity-building initiatives, staff volunteerism and strategic giving. Our public engagement and donations help us uphold a commitment to serving the communities by way of cash and in-kind donations, as well as staff participation.

GIORDANO

【贊助慈善高爾夫球賽】 【Sponsorship on the 1st Charity Golf Tournament】 (27/4/2016)



我們與「香港善導會」合作，為他們首屆的慈善高爾夫球賽提供服裝贊助。
We have partnered with The Society of Rehabilitation and Crime Prevention of Hong Kong to provide apparel sponsorship for their first charity golf tournament.

【仁濟醫院賣旗日】 【Yan Chai Hospital Flag Selling Day】 (14/5/2016)



當日總共有31位香港總部的員工和親友參與賣旗活動。
A total of 31 Hong Kong Headquarters staff and their relatives volunteered for flag-selling.

【捐血日】 【Blood Donation Day】 (10/8/2016)



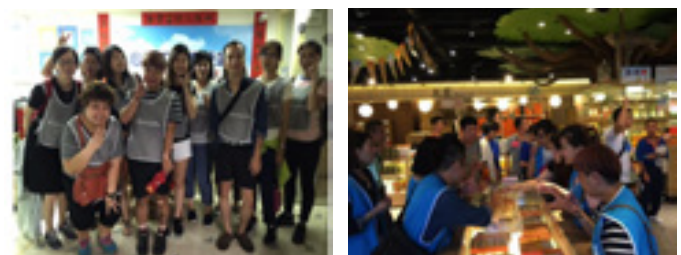
當天共有60位員工出席活動，最後有51位員工成功捐血，突破上年的捐血人數。
A total of 60 staff of Hong Kong Headquarters attended the event. In total, 51 staff successfully donated blood, breaking the record set the previous year.

【贊助「為愛行走」步行籌款】 【“Walk For Love” Charity Walk Sponsorship】 (24/9/2016)



我們為由「上海宋慶齡基金會」和「靈山慈善基金會」共同主辦的步行籌款提供服裝贊助，捐出了300件“**I LOVE SH**” T恤給參賽的選手。
Partnering with the Shanghai Soong Ching Ling Foundation and Lingshan Charity Foundation, we donated 300 pieces of the “**I LOVE SH**” tees for the participants of the Charity Walk.

【「關懷智能障礙人士」義工日】 【Volunteer Day of Caring for Mentally-Disabled People】 (27/9/2016)



和「心路社會福利基金會」合作，11位台灣市場的員工和智能障礙人士一起製作鳳梨酥和參觀黃金菠蘿城堡DIY工廠。
Partnering with the Syn-Lu Social Welfare Foundation, 11 staff from our Taiwan market made pineapple cakes and visited the Castle of Golden Pineapple with mentally-disabled people.

【善啟中秋慈善月餅義賣】

【Mid-Autumn Mooncake Charity Sale】 (15/8/2016)



香港總部的員工向「善啟慈善基金會」購買了35盒、總值港幣7,054元的慈善月餅，資助基金會在中國貧困山區興建小學的工作。

Staff from our Hong Kong Headquarters purchased a total of 35 boxes of mooncakes with the value of HK\$7,054 from Sin Kai Fund Ltd. to fund the construction of primary schools in poverty-stricken rural areas in Mainland China.

【贊助北河(明哥)慈善基金】

【Sponsorship on Pei Ho (Ming Gor) Charity Fund】 (25/11/2016)



我們的主席劉國權博士以佐丹奴沒有陌生的世界慈善基金名義關懷基層人士，贊助了北河(明哥)慈善基金一共5,000張飯票。

Our Chairman, Dr. Peter Lau sponsored Pei Ho (Ming Gor) Charity Fund with 5,000 meal vouchers for the homeless, in the name of Giordano World Without Strangers Chairtable Fund, showing our care for the grassroots.

【保良局「關懷長者」義工日】

【Po Leung Kuk Volunteer Day of Caring for the Elderly】 (12/11/2016)



香港總部的義工與長者玩遊戲、談天，並且派發小禮物給他們。

During the Caring for the Elderly event, volunteers from our Hong Kong Headquarters played games and chatted with the elderly, as well as offering gifts to them.

【設立「沒有陌生人的世界 - 少數民族學生獎學金】

【Setting up “World Without Strangers Scholarships” for Ethnic Minority Students】 (12/2016)

在2016年12月，我們的主席劉國權博士以佐丹奴沒有陌生的世界慈善基金名義向「香港融樂會」提供總額共港幣十萬元的獎學金，以資助九位少數族裔學生完成高等院校教育。

In December 2016, our Chairman, Dr. Peter Lau contributed a total of HK\$100,000 to Hong Kong Unison, in the name of Giordano World Without Strangers Chairtable Fund, for the scholarships to 9 ethnic minority students studying in tertiary educational institutes in Hong Kong.

聯交所《環境、社會及管治報告指引》索引
REFERENCES TO “HKEX ESG REPORTING GUIDE”

層面、一般披露及 關鍵績效指標 Aspect, General Disclosures & KPIs	描述 Description	《2016 年環境、社 會及管治報告》 2016 ESG Report
環境層面 A1: 排放物 Environmental Aspect A1: Emissions		
一般披露 General Disclosure	有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1
關鍵績效指標 A1.1 KPI A1.1	排放物種類及相關排放數據 Types of emissions and respective emissions data.	圖1 Graphic 1
關鍵績效指標 A1.2 KPI A1.2	溫室氣體總排放量及(如適用)密度 Greenhouse gas emission in total and, where appropriate, intensity.	圖1 Graphic 1 A2(1)
關鍵績效指標 A1.3 KPI A1.3	所產生有害廢棄物總量及(如適用)密度 Total hazardous waste were produced and, where appropriate, intensity.	圖1 附註2 Note 2 of Graphic 1
關鍵績效指標 A1.4 KPI A1.4	所產生無害廢棄物總量及密度 Total non-hazardous waste produced and intensity.	圖1 Graphic 1
關鍵績效指標 A1.5 KPI A1.5	描述減低排放量的措施及所得成果 Description of measures to mitigate emissions and results achieved.	A2 圖1 Graphic 1
關鍵績效指標 A1.6 KPI A1.6	描述處理有害及無害廢棄物的方法、減低產生量的措施及所得成果 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	A2(4) 圖1 Graphic 1
環境層面 A2: 資源使用 Environmental Aspect A2: Use of Resources		
一般披露 General Disclosure	有效使用資源(包括能源、水及其他原材料)的政策 Policies on efficient use of resources including energy, water and other raw materials.	A2
關鍵績效指標 A2.1 KPI A2.1	按類型劃分的直接及/或間接能源總耗量及密度 Direct and/or indirect energy consumption by type in total and intensity.	圖1 Graphic 1
關鍵績效指標 A2.2 KPI A2.2	總耗水量及密度 Water consumption in total and intensity.	圖1 Graphic 1
關鍵績效指標 A2.3 KPI A2.3	描述能源使用效益計劃及所得成果 Description of energy use efficiency initiatives and results achieved.	A2 圖1 Graphic 1
關鍵績效指標 A2.4 KPI A2.4	描述求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果 Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved.	圖1 附註3 Note 3 of Graphic 1
關鍵績效指標 A2.5 KPI A2.5	製成品所用包裝材料的總量及(如適用)每生產單位佔量 Total packaging material used for finished products, and if applicable, with reference to per unit produced.	圖1 Graphic 1
環境層面 3: 環境及天然資源 Environmental Aspect A3: The Environment and Natural Resources		
一般披露 General Disclosure	減低發行人對環境及天然資源造成重大影響的政策 Policies on minimizing the issuer's significant impact on the environment and natural resources.	A3
關鍵績效指標 A3.1 KPI A3.1	描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	A3
社會層面 B1: 僱傭 Social Aspect B1: Employment		
一般披露 General Disclosure	有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的： (a) 政策；及	B1

	(b) 遵守對發行人有重大影響的相關法律及規例的資料 Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
關鍵績效指標 B1.1 KPI B1.1	按性別、僱傭類型、年齡組別及地區劃分的僱員總數 Total workforce by gender, employment type, age group and geographical region.	圖2及圖3 Graphic 2 & 3
關鍵績效指標 B1.2 KPI B1.2	按性別、年齡組別及地區劃分的僱員流失比率 Employee turnover rate by gender, age group and geographical region.	
社會層面 B2：健康與安全 Social Aspect B2: Health and Safety		
一般披露 General Disclosure	有關提供安全工作環境及保障僱員避免職業性危害的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2
關鍵績效指標 B2.1 KPI B2.1	因工作關係而死亡的人數及比率 Number and rate of work-related fatalities.	
關鍵績效指標 B2.2 KPI B2.2	因工傷損失工作日數 Lost days due to work injury.	
關鍵績效指標 B2.3 KPI B2.3	描述所採納的職業健康與安全措施，以及相關執行及監察方法 Description of occupation health and safety measures adopted, how they are implemented and monitored.	B2
社會層面 B3：發展及培訓 Social Aspect B3: Development and Training		
一般披露 General Disclosure	有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動 Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3
關鍵績效指標 B3.1 KPI B3.1	按性別及僱員類別劃分的受訓僱員百分比 The percentage of employees trained by gender and employee category.	
關鍵績效指標 B3.2 KPI B3.2	按性別及僱員類別劃分、每名僱員完成受訓的平均時數 The average training hours completed per employee by gender and employee category.	
社會層面 4：勞工準則 Social Aspect B4: Labour Standards		
一般披露 General Disclosure	有關防止童工或強制勞工的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4
關鍵績效指標 B4.1 KPI B4.1	描述檢討招聘慣例的措施以避免童工及強制勞工 Description of measures to review employment practices to avoid child and forced labour.	B1(3), B4
關鍵績效指標 B4.2 KPI B4.2	描述在發現違規情況時消除童工及強制勞工情況所採取的步驟 Description of steps taken to eliminate child and forced labour practices when discovered.	
社會層面 5：供應鏈管理 Social Aspect B5: Supply Chain Management		
一般披露 General Disclosure	管理供應鏈的環境及社會風險政策 Policies on managing environment and social risks of the supply chain.	B5
關鍵績效指標 B5.1	按地區劃分的供應商數目	圖5 Graphic 5

KPI B5.1	Number of suppliers by geographical region.	
關鍵績效指標 B5.2 KPI B5.2	描述有關聘用供應商的慣例，向其執行有關慣例的供應商數目、以及有關慣例的執行監察方法 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	B5
社會層面 B6：產品責任 Social Aspect B6: Product Responsibility		
一般披露 General Disclosure	有關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6
關鍵績效指標 B6.1 KPI B6.1	已售或已運送產品總數中因安全與健康理由而須回收的百分比 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
關鍵績效指標 B6.2 KPI B6.2	接獲關於產品及服務的投訴數目以及應對方法 Number of products and service related complaints received and how they are dealt with.	
關鍵績效指標 B6.3 KPI B6.3	描述與維護及保障知識產權有關的慣例 Description of practices relating to observing and protecting intellectual property rights.	
關鍵績效指標 B6.4 KPI B6.4	描述質量檢定過程及產品回收程序 Description of quality assurance process and recall procedures.	
關鍵績效指標 B6.5 KPI B6.5	描述消費者資料保障及私隱政策，以及相關執行及監察方法 Description of consumer data protection and privacy policies, how they are implemented and monitored.	
社會層面 B7：反貪污 Social Aspect B7: Anti-corruption		
一般披露 General Disclosure	有關防止賄賂、勒索、欺詐及洗黑錢的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7
關鍵績效指標 B7.1 KPI B7.1	於匯報期內對發行人或其僱員提出並已審結的貪污訴訟案件的數目及訴訟結果 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	
關鍵績效指標 B7.2 KPI B7.2	描述防範措施及舉報程序，以及相關執行及監察方法 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	B1(3)
社會層面 B8：社區投資 Social Aspect B8: Community Investment		
一般披露 General Disclosure	有關以社區參與來了解營運所在社區需要和確保其業務活動會考慮社區利益的政策 Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.	B8
關鍵績效指標 B8.1 KPI B8.1	專注貢獻範疇 Focus areas of contribution.	B8
關鍵績效指標 B8.2 KPI B8.2	在專注範疇所動用資源 Resources contributed to the focus areas.	

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This annual report is printed on environmentally friendly paper
本年報採用環保紙印製